

Comprehensive Annual Financial Report

South Carolina Retirement Systems
For the fiscal year ended June 30, 2016
Pension trust funds of the State of South Carolina

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Introductory Section



LETTER OF TRANSMITTAL

December 15, 2016

The Honorable Nikki R. Haley, Governor
State of South Carolina
Members of the S.C. State Fiscal Accountability Authority
S.C. Public Employee Benefit Authority Board

Ladies and Gentlemen:

We are pleased to present the *Comprehensive Annual Financial Report (CAFR)* of the South Carolina Retirement Systems (Systems) as administered by the South Carolina Public Employee Benefit Authority (PEBA), for the fiscal year ended June 30, 2016. Section 9-1-300 of the South Carolina Code of Laws requires that a report be published annually showing the fiscal transactions of the Systems, and the CAFR fulfills that statutory requirement. PEBA is considered a division of the primary government of the state of South Carolina; and therefore, financial information for the Retirement Systems' trust funds is also included in the CAFR of the state of South Carolina. Responsibility for both the accuracy of the data, and the completeness and reliability of the presentation, including all disclosures, rests with the management of PEBA. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the Systems.

The CAFR was prepared to conform to the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB). GASB is an organization established under the Financial Accounting Foundation and establishes and approves governmental standards. GASB is recognized as the official source of generally accepted accounting principles (GAAP) for state and local governments.

Financial transactions of the Systems are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules, with consideration that the cost of internal control should not exceed anticipated benefits.

The financial statements presented in this CAFR have been independently audited by CliftonLarsonAllen, LLP, under the direction of the State Auditor's Office. CliftonLarsonAllen issued an unmodified opinion, which means that, based upon the financial audit, they concluded that the financial statements were fairly presented in all material respects and are free from material misstatement, in accordance with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, as part of obtaining reasonable assurance about whether the Systems' financial statements are free of material misstatement, CliftonLarsonAllen also considered internal controls over financial reporting and compliance with certain provisions of laws, regulations, contracts, and other matters. Although independent auditors cannot guarantee the accuracy of the statements, they do have a reasonable basis for the opinion they rendered. The independent auditor's report is presented as the first

component of the financial section of this report. Management’s Discussion and Analysis (MD&A), which can also be found in the financial section starting on page 28, provides a narrative introduction to and analysis of the financial statements. This letter of transmittal is meant to complement the MD&A and should be read in conjunction with it.

Profile of the Systems

PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. A defined benefit plan is a retirement plan in which contributions are made to fund a level of retirement income at a future retirement date. Specified monthly service retirement benefits, as well as disability benefits and death benefits are provided to eligible members and/or their surviving beneficiaries. The plans’ terms specify the amount of pension benefits to be provided at a future date or after a certain period of time. Monthly benefits are specified as a function of a formula that is based on years of creditable service, average final compensation, and age. PEBA’s administrative and reporting structure is outlined in the Introductory Section of this report.

This report contains information on the following defined benefit pension trust funds:

- The South Carolina Retirement System (SCRS) was established July 1, 1945, to provide retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The Police Officers Retirement System (PORS) was established July 1, 1962, to provide retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.
- The Retirement System for Members of the General Assembly of the State of South Carolina (GARS) was established January 1, 1966, to provide retirement and other benefits to members of the General Assembly. Retirement reform legislation closed the GARS plan to individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The Retirement System for Judges and Solicitors of the State of South Carolina (JSRS) was established July 1, 1979, to provide retirement and other benefits to state judges, solicitors. JSRS also covers circuit public defenders.
- The South Carolina National Guard Supplemental Retirement Plan (SCNG) was established July 1, 1975, to provide supplemental retirement benefits to members who served in the South Carolina National Guard.

Fiscal Year 2016 Highlights

Fiscal Year 2016 ended PEBA’s fourth fiscal year of operations as an agency, having been created effective July 1, 2012, by the South Carolina General Assembly along with legislative retirement reform. The agency is governed by an 11-member Board of Directors. PEBA is responsible for administration of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs.

Administrative Activities

As part of its focus on continual improvement in customer service, and to provide a single point of service for customers, PEBA launched a new public website that supplanted the agency's three, disparate websites. Agency staff developed and implemented the consolidated website, which continues to be maintained in-house. Elimination of one of the three previous sites also saved the agency more than \$300,000 annually in outside contractor costs.

PEBA's vision is to serve those who serve South Carolina and the agency does this by focusing efforts in areas that will provide the best service to the customer. In fiscal year 2016, the agency launched additional efforts to educate employers and members on a variety of topics. The Employer Services Department, created in fiscal year 2015, launched its Employer Advisory Group meetings, held regularly at PEBA's office in Columbia. PEBA extends invitations to all employers through its weekly employer e-newsletter, *PEBA Update*. Staff from other departments, such as Communications, and Health and Wellness, attend the meetings to provide updates to and receive feedback from the employers. The meetings are well received and have resulted in a number of improvements to PEBA's operational processes and communications tools.

A tenet central to PEBA's mission is to provide information and education to the employers and members whose benefits the agency administers. PEBA's Communications team works closely and collaboratively with other agency departments and external contractors to continually hone messages and campaigns to ensure that our customers have information available at all times. In addition to the new website, PEBA launched its YouTube channel, PEBA TV, in fiscal year 2016. PEBA TV features a variety of animated and filmed videos and presentations about the benefits the agency sponsors. PEBA produces the content in-house, which provides significant cost savings compared to using outside contractors for production.

In fiscal year 2016, the agency also issued a request for proposals for a single investment consultant for the State Optional Retirement Program (State ORP) and the Deferred Compensation Program. PEBA also issued new contracts with four State ORP vendors to accommodate implementation of industry best practices features into the program. Among these were the elimination of revenue-sharing investment options, which resulted in a more transparent fee structure for participants.

In fiscal year 2016, the agency hired its first training director, a role identified the prior year as being critical to the agency's ongoing success. The new training director began securing outside presenters and conducting his own in-house seminars for staff, producing learning modules about the Characteristics of High Performance PEBA adopted in fiscal year 2015 and developing the agency's new hire onboarding program and deliverables. PEBA's leadership team continued holding town-hall style meetings with all employees to both keep staff apprised of issues and activities, and to garner feedback. PEBA developed a formal survey to gauge employee satisfaction with the meetings.

Public Policy Activities

PEBA's responsibility and commitment to safeguarding the information with which it has been entrusted took another step forward with the hiring of a risk management and compliance director. He is responsible for developing and managing an overall risk management framework including developing an incident response plan for the agency, conducting risk assessments for the agency, working with the Information Technology Department on security, privacy and compliance initiatives, as well as evaluating third party vendors.

To comply with the State Information Security Policies, the agency developed its first, formal business continuity plan that defines actions to be taken during a disaster that interferes with PEBA's ability to conduct business and

resources needed to run critical business processes. The plan was approved by the PEBA Board of Directors and staff will be trained on their roles in the near future. The plan will be reviewed, tested and updated on an annual basis.

Another major risk to PEBA programs is the increasing cost of health care and retirement. Health care costs as a whole are continually increasing. PEBA manages its cost with the goal of being below the national trend in health care expenses. However, even with prudent program management, health care costs continue to increase. Retirement costs have continued to increase due to demographics such as increased mortality as well as investment performance less than the assumed rate of return of 7.5 percent. The General Assembly has created a joint Committee to review the Retirement Systems.

Operational System Improvements

One of the most significant operational challenges the agency faces is the pending replacement of its legacy information systems. PEBA's current core operational systems were built in the early 1990s on a then-current Adabas/Natural technology foundation; a 15-20 year system life was expected. A three-phase operational assessment was completed in fiscal year 2016. The scope of the assessment included reviewing current processes and highlighting issues and non-standard industry operations; defining a future state operating model leveraging best practices; analyzing the current architecture and technology platform; recommending the best approach to reduce risk and achieve the future state; researching the benefit solution market and available PEBA options; and formulating a recommended planning roadmap, documenting required activity, costs and resources. Recommendations were made following the assessment and staff are working to finalize a roadmap for completion of the project that will occur over the next five years.

Summary of Financial Condition

Actuarial Results

The main funding objective of the pension trust funds is to meet future benefit obligations of retirees and beneficiaries through employee and employer contributions and investment earnings. Each year, the external consulting actuaries determine the actuarial soundness of the plans based on long term obligations and the sufficiency of current contribution levels to fund the liabilities of each plan over a reasonable time frame.

The July 1, 2015, actuarial valuations, adopted by the PEBA Board and subsequently provided to the S.C. State Fiscal Accountability Authority, determined the actuarial status of each plan and the minimum necessary employee and employer contribution requirements for fiscal year 2017. However, because the market value of assets is less than the actuarial value of assets, deferred investment losses exist which will be recognized as investment losses in future years. Given both the magnitude of the deferred losses and short-term investment projections, increased funding requirements are expected in the near future. In recognition of those increased funding requirements, the 2016-2017 state budget provided for an increase in SCRS and PORS contribution rates in the amount of 0.5% for both employee and employer contribution rates, effective July 1, 2016. Accordingly, at its meeting on May 19, 2016, the PEBA Board of Directors adopted an increase in SCRS and PORS employee and employer contribution rates in the amount of 0.5% effective July 1, 2016, as provided for by the 2016-2017 state budget, and adopted the employer contribution rates for GARS, JSRS, and the SCNG Plan as recommended in the July 1, 2015 actuarial valuations. Those contribution rates were approved by the SFAA at its meeting on June 22, 2016.

Pursuant to that action, employee and employer contribution rates for SCRS increased by 50 basis points each, to 8.66% and 11.56%, respectively, effective July 1, 2016, and employee and employer contribution rates for PORS increased by 50 basis points each, to 9.24% and 14.24%, respectively, effective July 1, 2016.

The funded ratios of the five plans as of July 1, 2015, range from a low of 41.4 percent for SCNG to a high of 69.2 percent for PORS. The funded ratio for SCRS, which represents the largest membership of the five plans, decreased from 62.7 percent to 62.0 percent and similarly PORS went down slightly from 69.5 percent to 69.2 percent. Declines in funded ratios were primarily due to the continued recognition of deferred investment losses experienced in prior fiscal years, which are recognized in the actuarial value of assets using a modified five-year smoothing technique. The funded ratios were also impacted by increases in the liability because the contributions to the plan attributable to financing the unfunded actuarial accrued liability were less than the interest on the unfunded liability.

The funded ratio of SCNG continues to be very low because at one time, the plan was not funded on an actuarially sound basis. However, since 2006 when the General Assembly transferred administrative responsibility to the Retirement Division, their commitment to ensure the SCNG plan would be sufficiently funded prospectively has been maintained and the funded ratio has steadily improved. Each year recurring funds are set aside in the state's annual budget to fund SCNG over an amortization period that does not exceed 30 years, so continued future improvement in the funded ratio is expected.

As of July 1, 2015, the unfunded actuarial accrued liability for SCRS increased from \$16.0 billion to \$16.8 billion and PORS increased from \$1.8 billion to \$1.9 billion. The largest source of increase was the result of continual recognition of deferred investment losses in the actuarial value of assets. Absent significant favorable investment experience, those deferred losses will continue to be reflected, or smoothed, in the actuarial value of assets over the next few years. Other non-investment related experience activity such as mortality, salary experience, payroll growth and turnover, which are considered normal within the course of plan experience, contributed to other actuarial gains and losses, as actual experience cannot be precisely predicted and will never exactly match the estimated assumptions.

Actuarial smoothing techniques, which defer investment gains and losses, help to dampen the short-term volatility inherent in investment markets by allowing only a portion of investment gains and losses to be recognized each year. Actual investment returns for fiscal year 2015 were less than the assumed rate of return. Specifically, the market value of assets earned a 1.4% return on a dollar-weighted basis for the plan year ending June 30, 2015 compared to a 7.50 percent assumed rate of return. Using smoothing techniques, all of the Systems recognized a net actuarial loss on investment returns for the valuation year. As of the July 1, 2015 valuation, the market value of SCRS assets is \$2.2 billion less than the actuarial value of those assets, which signifies that the retirement system is in a position of deferred losses. Therefore, unless investment returns in excess of the assumed rate of return are achieved, the future recognition of these deferred losses is expected to increase the unfunded actuarial accrued liability and will require additional funding sources.

For additional financial information, refer to management's discussion and analysis, financial statements and schedules included in the financial section and the actuarial section of this report. It is important to note that the actuarial valuations determine the funding of the pension plans; however, under new standards issued by the Governmental Accounting Standards Board (GASB), Statements 67 and 68 completely disconnect the funding of pensions from the accounting and reporting of pensions.

Investment Performance

As of June 30, 2016, the custodial bank reported that assets of the pension trust funds, invested and managed by the Retirement System Investment Commission (RSIC), were valued at \$28.0 billion. The plans are in a negative cash flow position with benefit payments exceeding contributions received; therefore, the RSIC manages liquidity requirements on a daily basis. Because the resulting negative cash outflows in the aggregate net to approximately \$1.0 billion for the fiscal year, representing approximately 3.8 percent of the portfolio's assets, the plans are dependent upon positive investment returns.

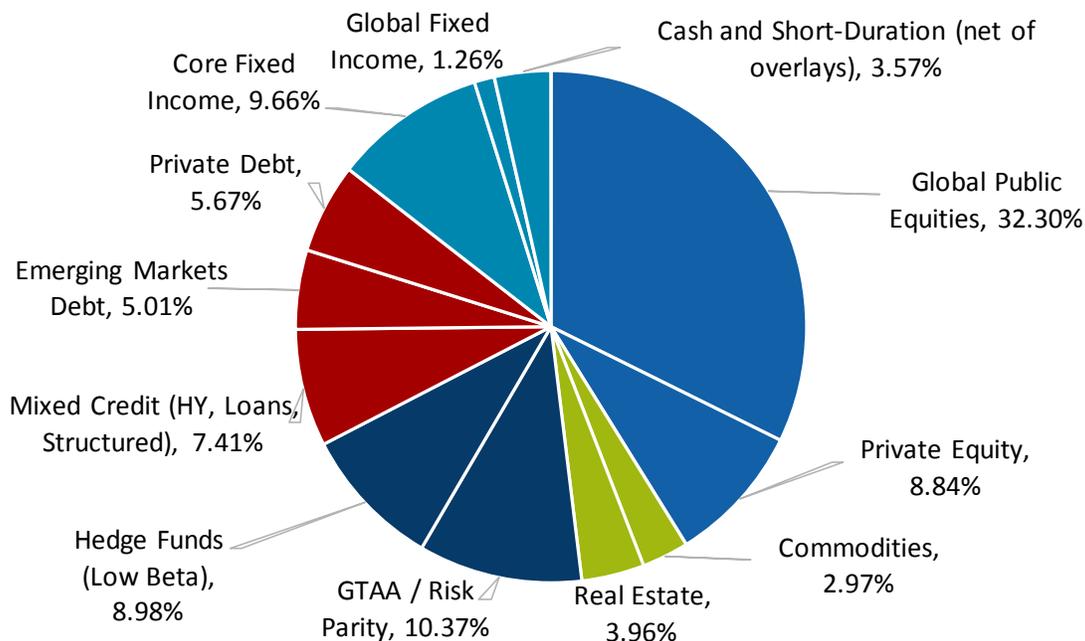
Capital markets continued to be challenging for the Plan during the fiscal year as global equity markets, in aggregate, declined. Although large capitalized domestic equity was generally positive, small to mid-capitalized domestic stocks, developed international, and emerging equity markets were all significantly negative. Private equity, domestic fixed income, and emerging market debt showed positive results, while the Plan's credit strategies and global tactical asset allocation were flat to negative. The real estate asset class posted very strong positive results.

The Plans' assets returned negative 0.39 percent net of fees on a time-weighted calculation basis for the fiscal year ending June 30, 2016, compared to the Policy benchmark's return of 0.82 percent. The three-year annualized net of fees return was 5.28 percent as of the fiscal year end compared to the Policy benchmark return of 5.25 percent. The five year Plan annualized return and Policy benchmark return were 5.19 percent and 4.86 percent respectively. The Plan's actuarial assumed rate of return is 7.50 percent. The Plan assets are invested by the Commission in a manner consistent with a long-term investment time horizon. While the financial markets can experience significant volatility, the assets of the Retirement Systems are invested in a broadly diversified manner in an effort to mitigate risk. While the Systems' investment performance was historically constrained by state constitution and state statute, the Commission has implemented a broadly diversified asset allocation policy. With the help of the retained investment consultant, Aon Hewitt Investment Consulting, the RSIC manages investments across an asset allocation designed to generate attractive long-term risk-adjusted returns at a prudent level of risk.

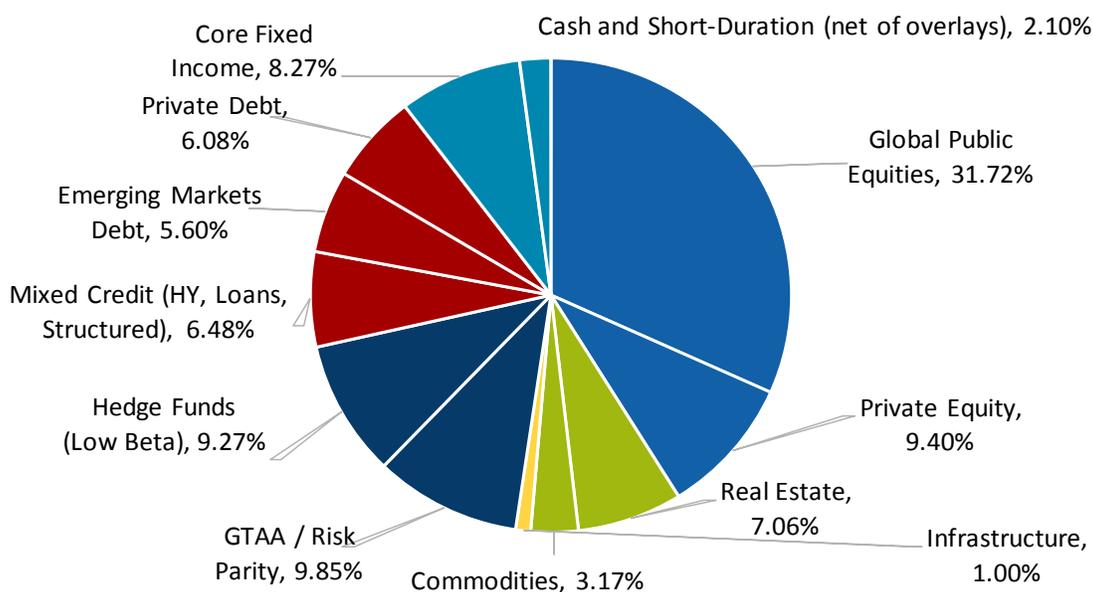
The RSIC provided the charts on pages 15-16, which summarize the asset allocation of the Retirement Systems' trust funds for the prior and most recent fiscal year periods and the RSIC's target allocation in effect as of fiscal year ended June 30, 2016. During the fiscal year, the Commission approved a number of changes to the portfolio's target asset allocation. These changes went in effect for the 2017 fiscal year.

Investment performance, in comparison to the actuarial assumed rate of investment return, is a significant factor in the actuarial valuations. The actuarial asset valuation method utilized dampens year-to-year fluctuations, mitigates the effect of annual return volatility in the market and helps provide a consistent estimate for the actuarial value of assets. Detailed investment results for fiscal year 2016 can be found within both the financial and investment sections of this report.

Portfolio Exposure as of June 30, 2015



Portfolio Exposure as of June 30, 2016



Global Equity

Global Public Equities*
Private Equity

Diversified Credit

Mixed Credit (HY, Loans, Structured)*
Emerging Markets Debt*
Private Debt*

Real Assets

Commodities*
Real Estate

Conservative Fixed Income

Core Fixed Income
Global Fixed Income
Short-Duration (net of overlays)
Cash (net of overlays)

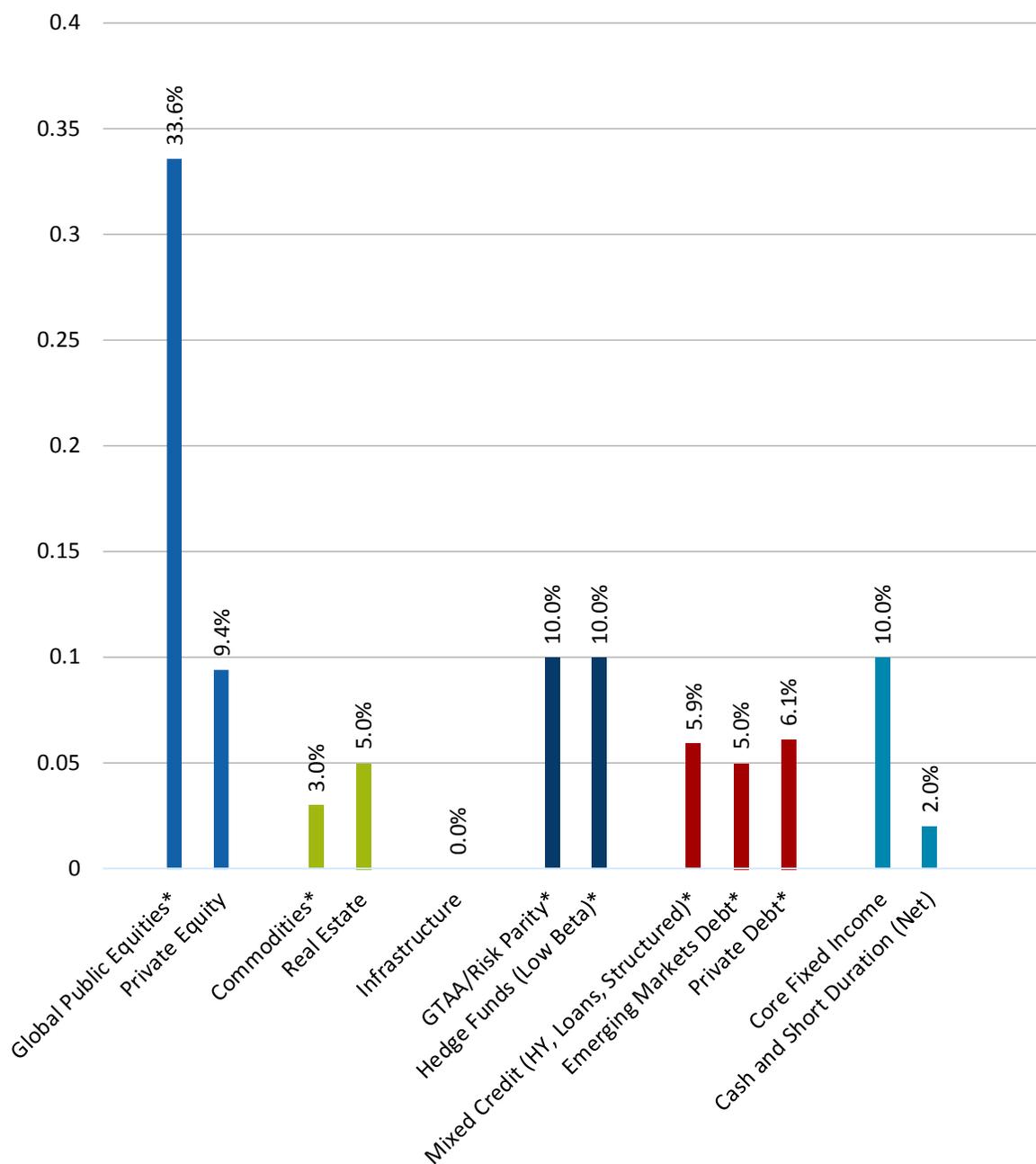
Opportunistic

GTAA/Risk Parity*
Hedge Funds (Low Beta)*

Portfolio exposure includes adjustments made by managers that invest across asset classes as well as the exposure from RSICs derivative overlay program. Values rounded for presentation purposes.

*Asset classes in which hedge funds can be used, up to a maximum of 20% across the entire portfolio.

Target Asset Allocation



Global Equity

Global Public Equities*
Private Equity

Diversified Credit

Mixed Credit (HY, Loans, Structured)*
Emerging Markets Debt*
Private Debt*

Real Assets

Commodities*
Real Estate
Infrastructure

Conservative Fixed Income

Core Fixed Income
Global Fixed Income
Short-Duration (net of overlays)
Cash (net of overlays)

Opportunistic

GTAA/Risk Parity*
Hedge Funds (Low Beta)*

Target Asset Allocation reflects policy targets that were adopted by the Commission and in effect for the fiscal year beginning July 1, 2015 and amended November 2015.

*Asset classes in which hedge funds can be used, up to a maximum of 20% across the entire portfolio.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Carolina Retirement Systems for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 29th consecutive year that the Retirement Systems has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Public Pension Standards Award

The South Carolina Retirement Systems received the Public Pension Coordinating Council's Public Pension Standards Award in 2016 for the 13th consecutive year in recognition of meeting professional plan design and administration standards. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

Acknowledgments

The compilation of this report reflects the combined efforts of the staff of PEBA functioning under your leadership. The report is intended to provide comprehensive and reliable information about the Retirement Systems, to demonstrate compliance with legal provisions, and to allow for the evaluation of responsible stewardship of the trust funds of the Retirement Systems.

We express our gratitude to the members of the S.C. State Fiscal Accountability Authority, PEBA's Board of Directors, the S.C. General Assembly, the RSIC, the staff, the consultants, and the many people who have worked so diligently to assure the continued successful operation of the Retirement Systems for the members we serve.

Respectfully submitted,


Peggy G. Boykin, CPA
Executive Director


Travis J. Turner, CPA, CISA
Chief Financial Officer


Tammy B. Nichols, CPA
Retirement Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

South Carolina

Employee Benefit Authority

South Carolina Retirement Systems

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2016***

Presented to

South Carolina Retirement Systems

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

Governing Board and Administration as of Issuance

S.C. Public Employee Benefit Authority Board of Directors

John A. Sowards, *Chairman*

Frank W. Fusco

Stephen M. Heisler

Sheriff Leon Lott

Steve A. Matthews

Stephen Osborne

Joe W. “Rocky” Pearce, Jr.

Audie M. Penn

David J. Tigges

Vacant – To be appointed by the Governor

Vacant – To be appointed by the Chairman of the House
Ways and Means Committee

Retirement System Investment Commission¹

Dr. Rebecca M. Gunnlaugsson, *Chair*

Dr. Ron P. Wilder, *Vice Chair*

Allen R. Gillespie, CFA

Edward N. Giobbe, MBA

Curtis M. Loftis, Jr., *State Treasurer*

Reynolds Williams, J.D., CFP

Peggy G. Boykin, CPA

¹Refer to pages 110-114 for a list of investment managers and fees.

Investment Consultant

Aon Hewitt Investment Consulting, Inc.

Custodial Bank

BNY Mellon Asset Servicing

Consulting Actuaries

Gabriel Roeder Smith & Company

S.C. Public Employee Benefit Authority Executive Management

Peggy G. Boykin, CPA, *Executive Director*

Sarah Niegsch Corbett, CPA, *Chief Operating Officer*

Travis J. Turner, CPA, *Chief Financial Officer*

John E. Page, CIA, CISA, *Director of Internal Audit*

Stephen Van Camp, J.D., *General Counsel*

Gwen Bynoe, *Governmental Affairs*

Robin E. Tester, *Healthcare Policy Director*

James Manning, *Risk Management and Compliance Director*

Heather Muller, *Board Liaison*

Retirement System Investment Commission Executive Management

Michael Hitchcock, *Chief Executive Officer*

Geoffrey Berg, CFA, *Chief Investment Officer*

Andrew Chernick, CPA, *Managing Director of Operations and Operational Due Diligence*

S.C. Public Employee Benefit Authority staff responsible for compilation of CAFR

Tammy B. Nichols, CPA, *Retirement Finance Director*

Danielle M. Quattlebaum, CPA, *Retirement Systems Finance*

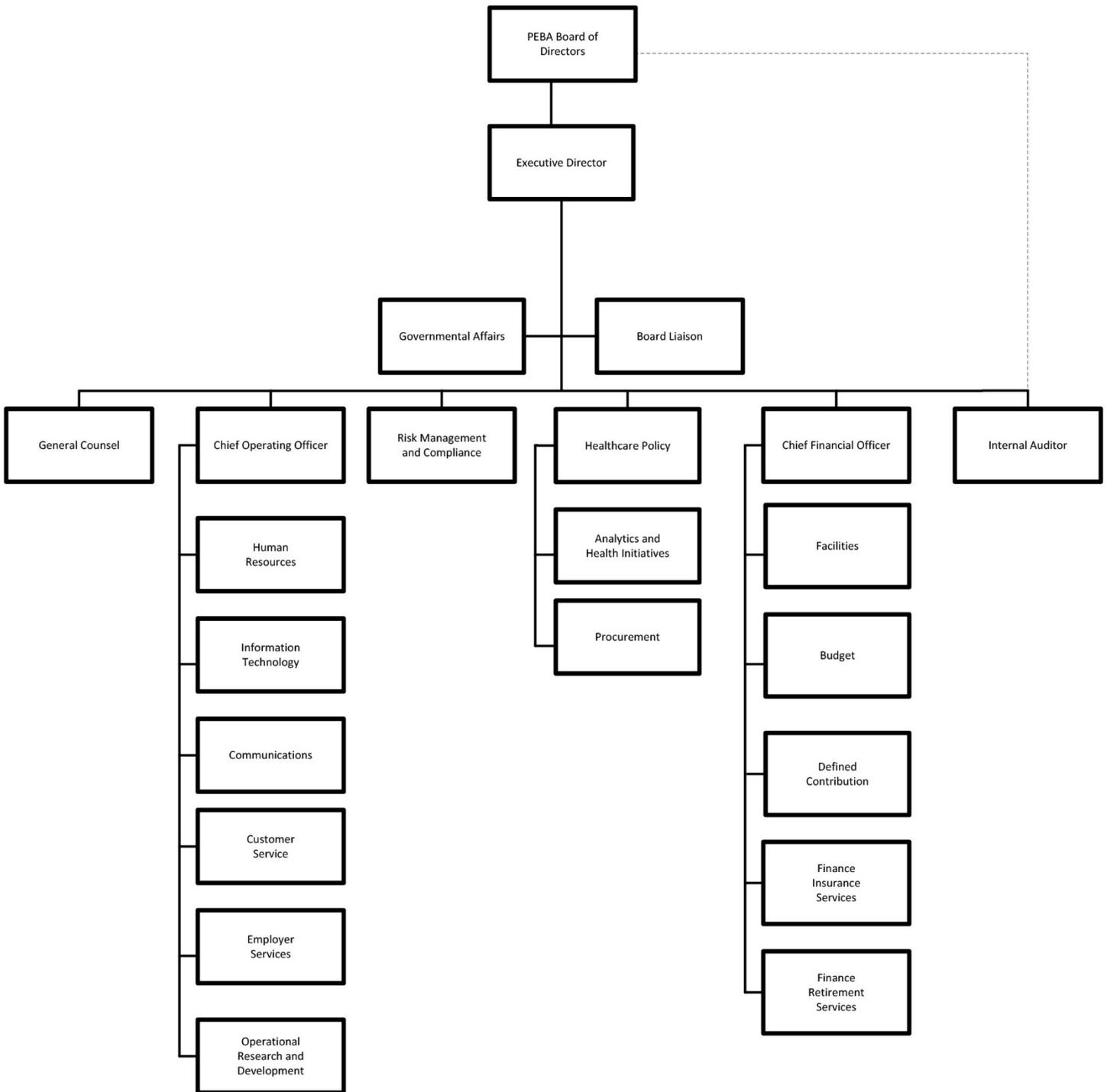
Faith Wright, *Retirement Systems Finance*

Megan B. Lightle, *Communications Director*

Angie Warren, *Communications Manager*

Heather H. Young, *Communications Manager*

S.C. PEBA Organizational Chart



Organizational Description

The structural organization of the South Carolina Public Employee Benefit Authority (PEBA) is depicted in the organizational chart on page 21. A brief description of the primary functions performed by each department follows:

Governmental Affairs

Serves as liaison to the SC General Assembly. Provides research and assistance to legislative staff in the provisions of retirement and health benefits, both in the service of constituents and legislation governing the agency.

Healthcare Policy

Directs healthcare policy for the public employee insurance benefits package. Oversees the research, analysis, and pricing of the State Health Plan. Directs contract and plan compliance in offering the most cost effective options while providing maximum benefit within regulatory requirements.

Chief Operating Officer

Provides leadership and oversight of internal operations and administrative functions to include customer service, employer services, information technology, communications and human resources. Directs operational research and development and the development and implementation of agency strategic plans.

Chief Financial Officer

Directs the financial activity and financial reporting of the retirement plans and insurance benefits offered to public employees. Provides oversight and leadership to the financial operations of insurance benefits and Other Post Employment Benefit trusts, five defined benefit plans, a defined contribution plan and the deferred compensation program.

General Counsel

Provides consultation to agency leadership and staff concerning the operation and compliance of governmental employee retirement and insurance benefit plans. Represents the agency in matters at the administrative, trial and appellate levels, and coordinates associated outside legal counsel.

Internal Audit

Responsible to the Board of Directors for providing independent analysis and assurance of agency processes, policies and internal controls

Risk Management and Compliance

Leads the agency in the development, implementation and monitoring of enterprise compliance programs and policies. Oversees information security and privacy programs. Develops and implements an enterprise risk management framework.

Financial Section





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INDEPENDENT AUDITORS' REPORT

The Honorable Nikki R. Haley, Governor
Mr. George L. Kennedy, CPA, State Auditor
and
Board of Directors
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the South Carolina Retirement Systems (the Systems), as administered by the South Carolina Public Employee Benefit Authority, which comprise the statement of fiduciary net position as of June 30, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Systems as of June 30, 2016, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Systems' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

The financial statements include alternative investments valued at \$9.0 billion (32% percent of total net position). As explained in Note 1, their fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in employers' net pension liability, employers' net pension liability, employers' contributions and investment returns and related notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Systems' financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory, investment, actuarial and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016 on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 12, 2016

Management's Discussion and Analysis

This section presents management's discussion and analysis of the financial position and performance for the year ended June 30, 2016, for the South Carolina Retirement Systems' pension trust funds (Systems), and is offered as an introduction and analytical overview. This narrative is intended as a supplement and should be read in conjunction with the financial statements and other information presented in the *Comprehensive Annual Financial Report*.

The Systems' financial statements provide information about the activities of the five defined benefit pension plans administered, which are listed below, in addition to comparative summary information about the activities of the Systems as a whole:

- South Carolina Retirement System (SCRS) - A member contributory multiple-employer plan covering teachers, as well as state and municipal employees;
- Police Officers Retirement System (PORS) - A member contributory multiple-employer plan covering state and local law enforcement personnel and firefighters;
- The Retirement System for Members of the General Assembly (GARS) - A member contributory plan providing benefits to members of the South Carolina General Assembly, which is closed to persons first elected to the South Carolina General Assembly at or after the general election in November 2012;
- The Retirement System for Judges and Solicitors (JSRS) - A member contributory plan covering Judges, Solicitors, Public Defenders and Administrative Law Judges; and
- South Carolina National Guard Supplemental Retirement Plan (SCNG) - A non-contributory supplemental benefit plan for members of the South Carolina National Guard.

Overview of the Financial Statements

The Systems represents the collective retirement funds that are held in a group trust for the plans and are protected by the state's constitution. PEBA, which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state. Financial statements prepared on behalf of the Systems, include the following information, for the fiscal year ended June 30, 2016, with combined total comparative information for the fiscal year ended June 30, 2015:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

The Statement of Fiduciary Net Position presents the Systems' assets and liabilities and the resulting net position restricted for pensions. This statement reflects a year-end snapshot of the Systems' investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The Statement of Changes in Fiduciary Net Position presents information showing how the Systems' net positions restricted for pensions changed during the year. This statement includes additions for contributions by members and employers and investment earnings (losses) and deductions for retirement benefit payments, refunded contributions, death benefit payments and administrative expenses.

Notes to the Financial Statements are an integral part of the basic financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data reported in the basic financial statements.

Required Supplementary Information presents schedules pertaining to the employers' net pension liability, changes in employers' net pension liability, employers' contributions, and the money-weighted rate of return on investments. These schedules are intended to provide additional information useful in evaluating the condition of the systems.

Other Supplementary Information includes Schedules of Changes in Fiduciary Net Position by System, as well as Schedules of Administrative Expenses, Professional and Consultant Fees and Investment Fees and Expenses.

Financial Highlights

- Total fiduciary net position for all five defined benefit plans of the Systems combined, decreased by \$1.239 billion, which was over four percent from the prior fiscal year ended June 30, 2015. The net position of the plans is impacted by contributions paid into the plans, investment performance, and benefit payments out of the system. It is important to note that growth in fiduciary net position depends on both investment performance and contributions from employers and employees. The plans are in a net cash outflow position with benefit payments exceeding contributions; therefore, investment performance must first make up this gap before fiduciary net position can grow. The decrease in net position from \$29.3 billion to \$28.1 billion was primarily attributable to reduced investment performance and net cash outflows.
- For the fiscal year ended June 30, 2016, the net of fee investment performance return on a time-weighted basis reported by the custodial bank, BNY Mellon, was negative 0.39 percent. This net return reflects performance of the Systems, at the aggregate for the pooled investments of the consolidated pension trust funds, after the deduction for manager fees and/or expenses. This fiscal year's performance was below the prior year's return of 1.60 percent and is considered an actuarial loss since it was less than the 7.5 percent actuarial investment rate of return assumed for the plans. Actuarial valuations are prepared for each of the plans annually for funding purposes, at which time gains and losses from investment performance are recognized using smoothing methods that help mitigate sharply fluctuating market returns over a long-term period. The smoothing methodology offsets both deferred investment gains and losses against each other and is intended to produce an actuarial asset value that should be fairly consistent with market value during periods of ordinary investment returns. Smoothing investment performance avoids overreaction to inherently volatile conditions that would otherwise overweight the effects of a single year of performance that would potentially be reversed in subsequent years. Actuarial smoothing is intended to result in more stable contribution rates and a more level funded status, and is also a valuable methodology for governmental entities because it permits participating employers to plan their budgets over more than one fiscal year.
- The increase over the prior fiscal year in the amount of employee and employer contributions collected is largely attributable to increased contribution rates. State statute provides a schedule of minimum employee and employer contributions and further requires an increase in the employee and employer contribution rates in equal percentages, as necessary to maintain an amortization schedule of no more

than 30 years. State statute also has a provision that allows the Board to increase the employee and member contribution rates, up to one-half of one percent of pay in any one year. Effective July 1, 2015 the employee and employer contribution rates for SCRS increased by 0.16 percent of pay to 8.16 percent and 11.06 percent of pay, respectively, to maintain an amortization schedule that does not exceed 30 years. Similarly, the employee and employer contribution rates for PORS increased by 0.33 percent of pay, to 8.74 percent and 13.34 percent, respectively, on July 1, 2015. The Board and State Fiscal Accountability Authority (formerly referred to as the Budget and Control Board) also accepted the 2015 valuation results for all plans and, as provided by the state budget act, approved a 0.50 percent of pay increase in the employee and employer contribution rates for SCRS and PORS effective July 1, 2016. As a result, effective July 1, 2016, the employee and employer contribution rates for SCRS are 8.66 percent and 11.56 percent, respectively. Similarly, effective July 1, 2016, the employee and employer contribution rates for PORS are 9.24 percent and 14.24 percent, respectively.

- An increase in the number of new annuitants added to the payroll during the year coupled with the retiree benefit adjustment resulted in an overall increase of over 3 percent in the dollar amount of annuity benefits paid to annuitants compared to the prior year. The total number of retired members and beneficiaries receiving monthly retirement benefits from the Systems increased from approximately 157,000 to almost 161,000 annuitants during the year. Additionally, eligible SCRS and PORS annuitant payees received an annual benefit adjustment equal to the lesser of 1 percent or \$500 on July 1, 2015.
- The Teacher and Employee Retention Incentive (TERI) program is a deferred retirement option program under SCRS that allows retired members to accumulate annuity benefits on a deferred basis for up to 60 months while continuing employment. Retirement reform legislation will close the TERI program to all participants effective June 30, 2018, so SCRS members who entered the TERI program after July 1, 2013, will not be eligible to participate in TERI for the full 60 months. Current TERI participants are required to pay the same pre-tax member contribution rate on compensation earned, in the same manner as active members. TERI participants do not earn additional service credit or interest on their TERI account but are eligible to receive benefit increases in the same manner as other annuitant payees. At the end of the member's TERI participation and upon termination from employment, funds are distributed from the member's accumulated TERI account. The number of members actively participating in TERI decreased from 9,327 at fiscal year-end 2015 to 8,922 at fiscal year-end 2016. While there was a decrease in the overall number of members participating in the program at year-end compared to the prior year, the liability for deferred retirement benefits increased 5 percent. The increase occurred because the average balance of accumulated TERI benefits, payable to members who had terminated employment and ended their participation in the program, was slightly higher than the prior year.
- The Systems' investment portfolio continues to participate in a securities lending program, managed by BNY Mellon (Securities Lending Program), whereby securities are loaned for the purpose of generating additional income. As the securities lending agent, BNY Mellon is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to various third party broker-dealers and financial institutions. The gross securities lending revenue for the fiscal year was \$946 thousand, a decrease from \$1.98 million in the prior year. As reported by BNY Mellon, at June 30, 2016, the fair value of securities on loan was \$146.18 million, the fair value of the invested cash collateral was \$55.74 million, and the securities lending obligations were \$102.95 million. The reported difference in the value of the invested cash collateral and the securities lending obligations in the securities lending program, is reflected within "Other Liabilities" on the Retirement Systems' Statement of Fiduciary Net Position, consistent with information reported on accounting statements provided by BNY Mellon as both the custodial bank and securities lending agent.

- The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005 as co-fiduciary for the Systems, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission operates pursuant to statutory provisions and under governance policies that allow for a diverse asset allocation and which afford the RSIC and its Chief Investment Officer (CIO) discretion and flexibility to quickly react to changes in market conditions. The investment portfolio is structured to focus on ensuring the long-term stability of the plans, seeking superior returns at acceptable levels of risk.
- The Commission is responsible for establishing and managing a target asset allocation that manages risk, ensures liquidity, and affords flexibility to quickly react to changes in market conditions. The existing policy allocation, including target weights, ranges and benchmarks for each asset class, was reaffirmed and adopted by the Commission on November 20, 2014 for the fiscal year beginning July 1, 2015. However, the asset allocation was subsequently updated and changes went into effect the second half of the fiscal year. These amendments were made to the Statement of Investment Objectives and Policies (SIOP) in November 2015 and included increasing global public equity by 3 percent and decreasing cash and short duration to 2 percent of the portfolio, effective December 31, 2015. Variances from the target among asset classes are the result of over or underweights reflected in the Commission's asset allocation strategies as well as volatility experienced in the financial markets.
- The Office of the State Treasurer has a contract with the Bank of New York Mellon (BNYM) to serve as custodian of the funds of the Retirement Systems. Under a provision of the current contract for custody services and in an effort to maintain transparency, BNYM directly invoices the trust funds on a quarterly basis for both custody and other ancillary services utilized. PEBA and the RSIC jointly verify that invoices accurately reflect services rendered and are appropriate for the period before amounts are paid. The trust funds' securities lending revenue account is the initial source from which such costs are paid to the custodial agent.
- All investment manager fees, whether directly invoiced or deducted from the fund NAV, are classified and reported as investment expense in the Statement of Changes in Fiduciary Net Position. The RSIC provides the non-invoiced fee information to PEBA on an annual basis so that amounts can be reclassified and reported in the financial statements. There is no industry standard for reporting pension plan investment fees and expenses; therefore, in order to compare investment expenses as reported by the Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative report is necessary. The fiscal year 2016 invoiced and non-invoiced investment fees and expenses total is \$246.9 million which is 29 percent less than the fiscal year 2015 total of \$348.2 million largely due to lower performance fees (including carried interest allocations) as a result of generally lower market returns.
- PEBA, the governing body responsible for administration of the state's retirement plans and employee insurance programs, was created effective July 1, 2012. Administrative costs for retirement operations are funded from the retirement trust funds. Administrative expenses for fiscal year 2016 increased almost 5 percent from the prior year due primarily to increased costs for actuarial and audit services, information technology requirements, facilities management and slightly higher wages and benefits for employees.
- During the year PEBA finalized the comprehensive assessment of our operational information technology systems with consultant Linea Solutions Inc. Phase I, which was completed September 30, 2015, defined high level business edits and process mappings for core PEBA operations and technical architecture that supports those systems. Phase II, completed March 31, 2016, defined significant enhancement opportunities for a future system solution. Phase III, completed June 30, 2016, defined a

high level plan (Road Map) of all projects and initiatives that must take place to accomplish the successful transition to a future system solution. Associated project expenses paid to Linea during the fiscal year are included in Administrative expenses in the Statement of Changes in Fiduciary Net Position.

- PEBA works closely with our consulting actuary and external audit firm to ensure employers are provided with the information needed to prepare their GAAP based financial statements in compliance with Governmental Accounting Standards Board (GASB) Statements No. 68 and 71. We have a dedicated GASB section on our public website where information has been posted for participating employers and auditors to access financial statement disclosure information related to their proportionate share of the net pension liability, deferred inflows and outflows of resources and pension expense.
- Gabriel Roeder Smith & Company (GRS) is on retainer as the Systems' consulting actuary for the defined benefit retirement plans. South Carolina state statute requires that the actuary complete a valuation of the Systems annually and conduct an experience study at least once in each five year period. The most recent valuation reports were issued as of July 1, 2015. GRS also completed an actuarial experience study on the Systems with the report issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The actuary stated that the 7.50 percent return assumption is within a reasonable range per applicable actuarial standards. If all assumptions had been adopted, the contribution rates for both employee and employer contributions would have otherwise been scheduled to increase by 1.19 percent for SCRS and 1.26 percent for PORS as necessary to offset the impact of a \$1.639 billion increase in the Unfunded Actuarial Accrued Liability (UAAL) in SCRS and a \$221 million increase in PORS.
- In addition to the deferred retirement options available in SCRS and JSRS, all of the plans (excluding SCNG) include certain provisions that allow retired members to return to covered employment while also receiving a monthly retirement benefit. For members who return to work for a covered employer after retirement, the employer must pay the corresponding employer contribution for that particular plan, and under SCRS, PORS and JSRS, retired members are also required to pay the same employee contribution as an active member in the same position. TERI participants receive the full monthly retirement benefit, with no limit on the amount of wages they may earn from employment. Collectively among the plans, the most recent actuarial valuation reported that approximately 26,000 retirees have returned to covered employment while receiving monthly retirement benefits, either directly or as a TERI participant, thereby making up approximately 10 percent of the total public workforce covered by the Systems. The historical return-to-work provisions, coupled with demographic changes of the membership, caused concern over the long-term stability of the plans; retirement reform legislation enacted in 2012 addressed retiree return-to-work provisions. Generally, SCRS and PORS members who retire after January 1, 2013, and who have not yet reached age 62 (SCRS) or age 57 (PORS) at retirement, and who have been retired at least 30 calendar days, may return to work for a participating employer, but their receipt of benefits is subject to an earnings limit of \$10,000 on wages earned each calendar year from covered employment.

- Qualified Excess Benefit Arrangement (QEBA) trust funds are maintained for each of the plans administered by the Retirement Division of PEBA. A QEBA is intended to be a qualified governmental excess benefit arrangement within the meaning of Section 415(m)(3) of the Internal Revenue Code and provides the part of a participant's retirement benefit that would have been paid by the Systems had there been no limitations under Code Section 415(b). The QEBA plans are separate and apart from the funds comprising the retirement funds and are not commingled with assets of those funds. The QEBA is not prefunded; therefore, no assets or income are accumulated to pay future benefits. The amount of required contributions necessary to pay benefits under the plans is determined and deposited to the trust funds on an as-needed basis. Employer contributions to fund the excess benefits are not credited or commingled with contributions paid into and accumulated in the retirement funds.
- The GARS was closed to persons first elected to the South Carolina General Assembly at or after the general election in November 2012. Members so elected to the Senate or House of Representatives have the option to join SCRS, the State Optional Retirement Program (State ORP), which is a defined contribution plan, or opt out altogether. As a result of the plan closure, employee contributions to the GARS plan should decrease over time, while employer contributions may experience a general increase over time.

Condensed Financial Information

The Systems' financial stability and long-term ability to sufficiently fund retirement benefits payable to members in future years is viable because funds are accumulated and invested on a regular and systematic basis. The five defined benefit funds provide lifetime annuity benefits to vested eligible members who serve as employees of state, public school, higher education institution, local and municipal government, state legislative, judicial, and South Carolina National Guard employers.

The Systems' principal sources of revenue are employee contributions, employer contributions and investment earnings. Required annual contributions for the SCNG are funded through an annual state appropriation. Expenses of the Systems consist primarily of payments of monthly annuities to retired members or their beneficiaries, and refunds of member contributions and interest that are paid subsequent to termination of employment. The defined benefit plans include an incidental death benefit for both active and retired members and an accidental death plan for members of the PORS.

PEBA sponsors the State ORP, which is a defined contribution alternative plan that is administered by four different vendors. The State ORP is available to newly hired employees of state agencies, institutions of higher education and public school districts. Membership in either SCRS or State ORP is also available to individuals first elected to the General Assembly at or after the general election in November 2012. In addition, PEBA is responsible for an optional Deferred Compensation Program (401k and 457 plans) administered by a third party record keeper. Both State ORP and Deferred Compensation assets are outside the group trust fund of the Systems and are not invested or managed by the RSIC. Summary comparative financial statements of the SC Retirement Systems' pension trust funds are presented on the following page.

Fiduciary Net Position

As of June 30

(Amounts expressed in thousands)

	2016	2015	Increase / (Decrease)	% Increase / (Decrease)
Assets				
Cash & cash equivalents, receivables, and prepaid expenses	\$ 4,979,349	\$ 3,622,210	\$ 1,357,139	37.47%
Investments, at fair value	24,790,218	27,093,961	(2,303,743)	-8.50%
Securities lending cash collateral invested	55,737	70,177	(14,440)	-20.58%
Capital Assets, net of accumulated depreciation	2,741	3,005	(264)	-8.79%
Total Assets	<u>29,828,045</u>	<u>30,789,353</u>	<u>(961,308)</u>	<u>-3.12%</u>
Liabilities				
Deferred retirement benefits	71,693	68,104	3,589	5.27%
Obligations under securities lending	55,737	70,177	(14,440)	-20.58%
Other accounts payable	1,633,962	1,345,382	288,580	21.45%
Total Liabilities	<u>1,761,392</u>	<u>1,483,663</u>	<u>277,729</u>	<u>18.72%</u>
Total Fiduciary Net Position Restricted for Pensions	<u>\$ 28,066,653</u>	<u>\$ 29,305,690</u>	<u>\$ (1,239,037)</u>	<u>-4.23%</u>

Changes in Fiduciary Net Position

Years Ended June 30

(Amounts expressed in thousands)

	2016	2015	Increase / (Decrease)	% Increase / (Decrease)
Additions				
Employee contributions	\$ 871,936	\$ 826,483	\$ 45,453	5.50%
Employer contributions	1,262,585	1,203,313	59,272	4.93%
State-appropriated contributions	4,591	4,591	-	0.00%
Net Investment income (loss)	(191,288)	435,886	(627,174)	-143.88%
Other income	1,830	1,883	(53)	-2.81%
Total Additions	<u>1,949,654</u>	<u>2,472,156</u>	<u>(522,502)</u>	<u>-21.14%</u>
Deductions				
Annuity benefits	3,036,279	2,943,355	92,924	3.16%
Refunds	112,954	112,557	397	0.35%
Death benefits	22,771	22,319	452	2.03%
Administrative & other expenses	16,687	15,946	741	4.65%
Total Deductions	<u>3,188,691</u>	<u>3,094,177</u>	<u>94,514</u>	<u>3.05%</u>
Increase (Decrease) in Fiduciary Net Position	<u>(1,239,037)</u>	<u>(622,021)</u>	<u>(617,016)</u>	<u>99.20%</u>
Beginning Fiduciary Net Position	29,305,690	29,927,711	(622,021)	-2.08%
Ending Fiduciary Net Position Restricted for Pensions	<u>\$ 28,066,653</u>	<u>\$ 29,305,690</u>	<u>\$ (1,239,037)</u>	<u>-4.23%</u>

Analysis of the Plan's Financial Position and Results of Operations

On a combined basis, the defined benefit plans' fiduciary net position was valued at \$28.1 billion at June 30, 2016, representing over a 4 percent decrease in net position from the previous fiscal year-end. Despite increased contributions, the decline in the fiduciary net position from the prior fiscal year was primarily attributable to negative cash flows in that benefit payments exceeded contributions received and investment performance was essentially flat.

During fiscal year 2016, the total dollar amount of contributions added to the plans increased in accordance with the increase in employer and employee contribution rates. Monthly retirement benefits paid to annuitants increased just over 3 percent compared with the previous fiscal year. As previously referenced, the increase in benefits was attributable to a benefit adjustment granted to eligible SCRS and PORS annuity recipients effective July 1, 2015, along with an increase in the number of new annuitants added to the payroll during the year.

Net of fee performance for the Plan on a time-weighted basis was slightly negative for the fiscal year, returning a negative 0.39 percent. Relative to the policy benchmark, which returned a positive 0.82 percent, the Plan underperformed by 121 basis points. Additionally, the Plan fell short of the actuarial assumed rate of return of 7.50 percent by 789 basis points.

For the second year in a row, Real Estate was the highest performing asset class and Commodities was the lowest performing asset class at 14.21 percent and negative 10.66 percent respectively. On a relative basis, Real Estate underperformed its benchmark by 21 basis points and Commodities outperformed its benchmark by 266 basis points. Emerging Market Debt strongly performed returning 7.74 percent and outperforming its benchmark by 177 basis points. Core Fixed Income returned 5.47 percent but fell short of its benchmark which returned 6.00 percent. Private Equity returned a positive 3.64 percent while beating its benchmark by 259 basis points. Short Duration and GTAA were the remaining asset classes with positive performance returning 1.90 percent and 0.74 percent respectively. Short Duration outperformed its benchmark by 31 basis points while GTAA fell short of its benchmark by 360 basis points.

The Low Beta Hedge Fund asset class had a challenging year returning a negative 4.94 percent and underperforming its benchmark return of negative 2.39 percent. Public Global Equity, the largest allocation in the plan, returned a negative 4.85 percent and fell short of its benchmark by 112 basis points. This made Public Global Equities the biggest detractor to the Plan's relative performance, accounting for 46 of the 121 basis points of the Plan's underperformance to the policy benchmark. Mixed Credit and Private Debt asset classes also found the markets challenging returning negative 2.67 percent and negative 1.23 percent respectively. Mixed Credit underperformed its benchmark by 504 basis points while Private Debt fell short of its benchmark by 148 basis points.

Actuarial Valuations and Funding Progress

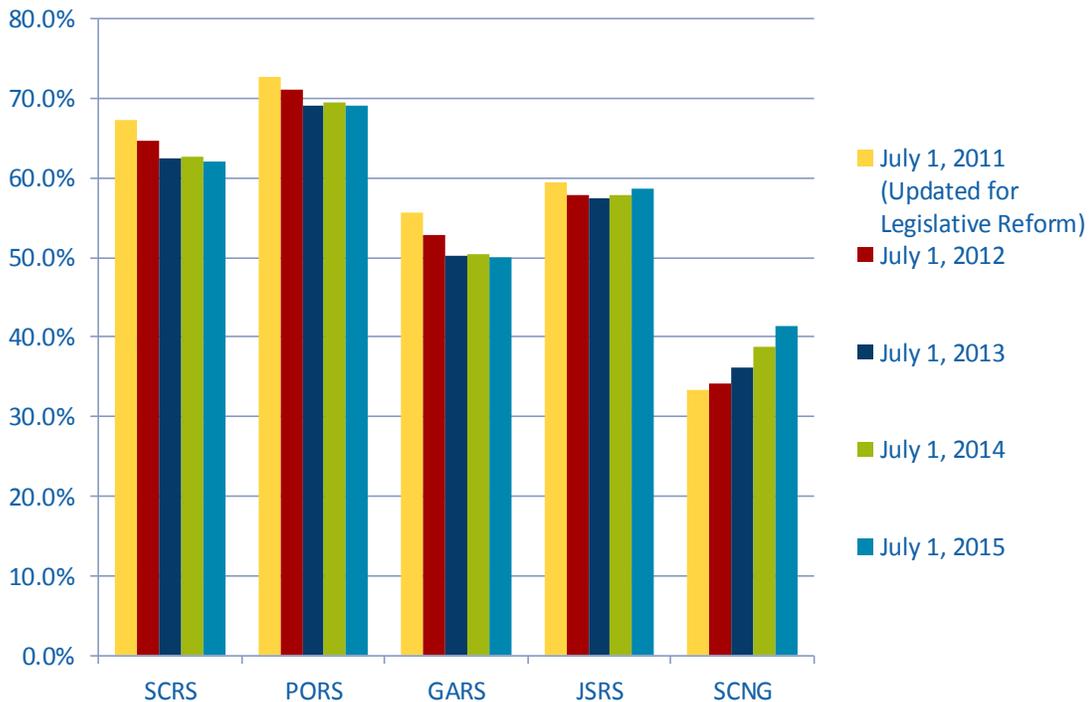
Actuarial valuations are performed annually by an external consulting actuary for each of the five defined benefit plans to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed 30 years. Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 90 percent. Over time, and provided investment performance meets long-term assumptions and there are no future benefit enhancements, the funded ratio of each system is expected to increase and eventually attain 100 percent. The primary sources of revenue to fund benefits include investment income, member contributions and employer contributions.

For the most recently completed valuations, investment performance for purposes of developing the actuarially determined contribution rate is recognized using smoothing method that recognizes 20 percent of the difference between the market value of assets and the expected actuarial value of assets each year, based upon the assumed valuation rate of return. This asset valuation method mitigates the short term impact of market volatility and allows changes in market conditions to be recognized (smoothed) over a longer period of time. In contrast, the actuarial valuation performed for the purpose of providing accounting information under GASB Statement No. 67, plan fiduciary net position is determined on a market value basis. Since the percentage of plan fiduciary net position to the total pension liability in the actuarial valuation prepared for accounting purposes uses the market value of assets rather than the actuarial value of assets, there can be significant short-term volatility in that ratio.

For the actuarial valuations prepared for funding purposes, the funded ratio (the ratio of the actuarial assets to the actuarial accrued liability) is a standard of measure of a plan’s funded status. It provides an indication as to whether sufficient assets are accumulated to pay benefits when due; the greater the level of funding, the larger the ratio of assets to liabilities. The funding progress of a retirement system should be reviewed over a multi-year period, such as five to ten years, to identify trends in the system’s funded status. The most recent actuarial valuations prepared for funding purposes as of July 1, 2015, showed a slight decrease in funded status for SCRS, PORS and GARS while the funded ratios for JSRS and SCNG improved slightly. The changes in the levels of funding do not affect the availability of funds or resources for future use and actuarial projections indicate that unfunded liabilities should be amortized and funded within acceptable funding guidelines. The actuarial funded ratios of the five plans are presented in the following graph. Percentages for GASB 67 reporting purposes can be found in the Schedule of Employers’ Net Pension Liability beginning on page 81.

Actuarial Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



Requests for Information

This financial report is designed to provide a general overview of the Retirement Systems' finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the South Carolina PEBA, Attn: Retirement Systems Finance, 202 Arbor Lake Drive, Columbia, SC 29223. Inquiries may also be made at www.peba.sc.gov or by calling 888.260.9430.

South Carolina Retirement Systems Statement of Fiduciary Net Position

June 30, 2016

With comparative totals for June 30, 2015

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	2015 TOTAL
ASSETS							
Cash and cash equivalents	\$ 3,385,664	\$ 548,798	\$ 6,171	\$ 21,386	\$ 5,259	\$ 3,967,278	\$ 2,895,677
Receivables							
Due from other systems		302				302	173
Employee and employer contributions	208,735	23,854	57	646	16	233,308	221,870
Accrued investment income	33,142	5,335	39	192	30	38,738	48,805
Unsettled investment sales	595,317	95,801	694	3,439	524	695,775	449,980
Other investment receivables	34,535	5,558	40	200	30	40,363	2,634
Total receivables	871,729	130,850	830	4,477	600	1,008,486	723,462
Investments, at fair value							
Short-term securities	677,357	109,002	790	3,913	596	791,658	766,157
Fixed Income	5,003,122	805,119	5,834	28,906	4,404	5,847,385	7,986,079
Global Public Equity	6,161,285	991,494	7,185	35,597	5,424	7,200,985	7,140,883
Global Tactical Asset Allocation	1,680,189	270,382	1,959	9,707	1,479	1,963,716	2,224,783
Alternatives	7,688,980	1,237,335	8,966	44,424	6,769	8,986,474	8,976,059
Total investments	21,210,933	3,413,332	24,734	122,547	18,672	24,790,218	27,093,961
Securities lending cash collateral invested	47,690	7,674	56	275	42	55,737	70,177
Prepaid expenses	3,081	479	4	18	3	3,585	3,071
Capital assets, net of accumulated depreciation	2,461	261	7	12		2,741	3,005
Total assets	25,521,558	4,101,394	31,802	148,715	24,576	29,828,045	30,789,353
LIABILITIES							
Due to other systems	302					302	173
Accounts payable - unsettled investment purchases	1,231,849	198,233	1,436	7,117	1,085	1,439,720	1,198,393
Investment fees payable	8,076	1,300	9	47	7	9,439	8,470
Obligations under securities lending	47,690	7,674	56	275	42	55,737	70,177
Deferred retirement benefits	71,693					71,693	68,104
Due to Employee Insurance Program	63,358	1,900				65,258	60,656
Benefits payable	3,602	236			7	3,845	3,960
Other liabilities	98,626	16,015	113	559	85	115,398	73,730
Total liabilities	1,525,196	225,358	1,614	7,998	1,226	1,761,392	1,483,663
Net Position Restricted for Pensions	<u>\$ 23,996,362</u>	<u>\$ 3,876,036</u>	<u>\$ 30,188</u>	<u>\$ 140,717</u>	<u>\$ 23,350</u>	<u>\$28,066,653</u>	<u>\$29,305,690</u>

The accompanying notes are an integral part of these financial statements.

South Carolina Retirement Systems

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2016

With comparative totals for the year ended June 30, 2015

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	2015 TOTAL
Additions							
Contributions							
Employee	\$ 754,153	\$ 115,188	\$ 292	\$ 2,303	\$ -	\$ 871,936	\$ 826,483
Employer	1,072,659	175,223	4,501	10,202		1,262,585	1,203,313
State appropriated					4,591	4,591	4,591
Total contributions	1,826,812	290,411	4,793	12,505	4,591	2,139,112	2,034,387
Investment Income							
Net appreciation in fair value of investments	(279,345)	(42,672)	(422)	(1,577)	(220)	(324,236)	455,392
Interest and dividend income	337,913	54,003	420	2,000	295	394,631	339,562
Investment expense	(224,772)	(36,096)	(265)	(1,299)	(197)	(262,629)	(361,046)
Net income (loss) from investing activities	(166,204)	(24,765)	(267)	(876)	(122)	(192,234)	433,908
From securities lending activities:							
Securities lending income	161	26		1		188	167
Securities lending borrower rebates	649	103	1	4	1	758	1,811
Net income from securities lending activities	810	129	1	5	1	946	1,978
Total net investment income (loss)	(165,394)	(24,636)	(266)	(871)	(121)	(191,288)	435,886
Supplemental retirement benefits funded by the State	434	18				452	529
Transfers of contributions from other Systems	177	1,174		27		1,378	1,354
Total additions	1,662,029	266,967	4,527	11,661	4,470	1,949,654	2,472,156
Deductions							
Refunds of contributions to members	93,694	19,178	22	60		112,954	112,557
Transfers of contributions to other Systems	1,174	27	147	30		1,378	1,354
Regular retirement benefits	2,473,541	337,928	6,625	16,989	4,310	2,839,393	2,729,289
Deferred retirement benefits	194,844					194,844	211,982
Supplemental retirement benefits	434	18				452	529
Death Benefits	20,659	1,960	9	143		22,771	22,319
Accidental death benefits		1,590				1,590	1,555
Depreciation	271	37	1	1		310	258
Administrative expenses	12,878	2,018	17	74	12	14,999	14,334
Total deductions	2,797,495	362,756	6,821	17,297	4,322	3,188,691	3,094,177
Net increase (decrease) in Net Position	(1,135,466)	(95,789)	(2,294)	(5,636)	148	(1,239,037)	(622,021)
Net Position Restricted for Pensions							
Beginning of year	25,131,828	3,971,825	32,482	146,353	23,202	29,305,690	29,927,711
End of year	\$23,996,362	\$ 3,876,036	\$ 30,188	\$ 140,717	\$ 23,350	\$28,066,653	\$29,305,690

The accompanying notes are an integral part of these financial statements.

South Carolina Retirement Systems

Notes to Financial Statements

I. Basis of Presentation and Summary of Significant Accounting Policies

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA) was created by the S.C. General Assembly effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs and retirement systems.

The governing board of the authority is a board of directors consisting of 11 members. The membership composition is as follows:

- three non-representative members appointed by the Governor;
- two members appointed by the President Pro Tempore of the Senate, one a non-representative member and one a representative member who is either an active or retired member of the South Carolina Police Officers Retirement System (PORS);
- two members appointed by the Chairman of the Senate Finance Committee, one a non-representative member and one a representative member who is a retired member of the South Carolina Retirement System (SCRS);
- two members appointed by the Speaker of the House of Representatives, one a non-representative member and one a representative member who must be a state employee who is an active contributing member of SCRS;
- two members appointed by the Chairman of the House Ways and Means Committee, one a non-representative member and one a representative member who is an active contributing member of SCRS employed by a public school district.

Non-representative members of the PEBA board may not belong to the classes of employees and retirees from which representative members must be appointed. Individuals appointed to the PEBA board must possess certain qualifications.

Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Vacancies on the PEBA Board must be filled within 60 days in the manner of the original appointment for the unexpired portion of the term. Terms commence on July first of even numbered years.

The financial statements of the South Carolina Retirement Systems (Systems) presented herein contain the following funds:

Pension Trust Funds

- South Carolina Retirement System (SCRS)
- South Carolina Police Officers Retirement System (PORS)
- Retirement System for Members of the General Assembly of the State of South Carolina (GARS)
- Retirement System for Judges and Solicitors of the State of South Carolina (JSRS)
- South Carolina National Guard Supplemental Retirement Plan (SCNG)

Each pension trust fund operates on an autonomous basis; funds may not be utilized for any purpose other than for the benefit of each plan's participants.

The Systems are part of the state of South Carolina's primary government and are included in the *Comprehensive Annual Financial Report of the State of South Carolina*. In making this determination, factors of financial accountability, governance and fiduciary responsibility of the state were considered.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the state and political subdivisions thereof.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

The Retirement System for Members of the General Assembly of the State of South Carolina (GARS), a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and

other benefits for members of the General Assembly. Retirement reform legislation closed the plan to individuals newly elected to the Senate or House of Representatives on or after the general election of 2012.

The Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges, solicitors, circuit public defenders of the state and administrative law court judges.

The South Carolina National Guard Supplemental Retirement Plan (SCNG), a single-employer defined benefit pension plan, was created effective July 1, 1975, and is governed by the provisions of Section 9-10-30 of the South Carolina Code of Laws for the purpose of providing supplemental retirement benefits to certain members who served in the South Carolina National Guard.

A summary of information related to participating employers and members follows (dollars amounts expressed in thousands). This information was reported in the most recent actuarial valuation reports dated July 1, 2015.

	State ¹	School	Other	Total
SCRS				
Number of Employers	31	119	579	729
Annual Covered Payroll for Active Members	\$2,171,789	\$3,235,918	\$2,010,806	\$7,418,513
Average Number of:				
Active Contributing Members	49,938	83,865	53,515	187,318
Retirees and beneficiaries currently receiving benefits				134,640
Terminated members entitled to but not yet receiving benefits ⁴				164,509
Total SCRS Membership				486,467
PORS				
Number of Employers	18	2	268	288
Annual Covered Payroll for Active Members	\$349,087	\$203	\$703,923	\$1,053,213
Average Number of:				
Active Contributing Members	9,442	0	17,133	26,575
Retirees and beneficiaries currently receiving benefits				16,709
Terminated members entitled to but not yet receiving benefits ²				14,149
Total PORS Membership				57,433
GARS				
Number of Employers	1			1
Annual Covered Payroll for Active Members	\$2,338			\$2,338
Average Number of:				
Active Members (170 positions)	104			104
Retirees and beneficiaries currently receiving benefits	362			362
Terminated members entitled to but not yet receiving benefits	36			36
Total GARS Membership	502			502
JSRS				
Number of Employers	1			1
Annual Covered Payroll for Active Members	\$21,267			\$21,267
Average Number of:				
Active Members (153 positions)	157			157
Retirees and beneficiaries currently receiving benefits	206			206
Terminated members entitled to but not yet receiving benefits	2			2
Total JSRS Membership	365			365
SCNG				
Number of Employers	1			1
Annual Covered Payroll for Active Members ³	N/A			N/A
Average Number of:				
Active Members	12,165			12,165
Retirees and beneficiaries currently receiving benefits	4,647			4,647
Terminated members entitled to but not yet receiving benefits	2,052			2,052
Total SCNG Membership	18,864			18,864

¹ Although each of the 88 SCRS and 25 PORS state agencies report separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Quasi-State Agencies and Institutions of Higher Education are counted as separate employers and included within the "State" category.

² Employee Class not determinable from data.

³ Annual covered payroll is not applicable for SCNG because it is a non-contributory plan.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS

Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP

As an alternative to membership in SCRS, newly hired state, public school and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The Retirement Systems assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the Systems for financial statement purposes.

Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the investment providers for the employee contribution (8.16 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for a portion of the employer contribution (5.91 percent) and a death benefit contribution (.15 percent), which is retained by the SCRS. The activity for the State ORP is as follows:

State ORP Activity

Year Ended June 30, 2016

(Dollar amounts expressed in thousands)

Active Contributing Participants	27,432
Annual Covered Payroll	\$1,332,767
Employer Contributions Retained by SCRS	\$78,767
Death Benefit Contributions Retained by SCRS	\$1,999
Employee Contributions to Investment Providers	\$108,754
Employer Contributions to Investment Providers	\$66,638

PORS

To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

GARS

Members of the Senate and the House of Representatives who were first elected to office prior to November 2012 are required to participate in and contribute to the system upon taking office as a member of the S.C. General Assembly; however, the GARS plan is closed to individuals newly elected to the Senate or the House of

Representatives on or after the general election of 2012.

JSRS

All solicitors, circuit public defenders, judges of a Circuit, Family or Administrative Law Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the system upon taking office.

SCNG

Membership consists of individuals who serve in the South Carolina National Guard.

Pension Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

SCRS

A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class III member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every

July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS

A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class III member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

GARS

A member is eligible for a monthly pension at age 60 or with 30 years credited service. A member who has attained age 70 or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active

positions. GARS is closed to new members and persons newly elected to the General Assembly must elect membership in SCRS or State ORP or may elect non-membership.

JSRS

A pension benefit is payable at age 70 with 15 years' service, age 65 with 20 years' service, 25 years' service regardless of age for a judge or 24 years of service for a solicitor or a circuit public defender regardless of age. A judge is vested in the system after attaining 10 years of earned service in the position of judge, and a solicitor or a circuit public defender is vested in the system after attaining eight years of earned service. A member who has reached maximum eligibility is eligible to retire and draw an annuity while continuing to serve. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

SCNG

A monthly pension is payable at age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of the 20 years total creditable military service, at least 15 must have been served in the South Carolina National Guard. Additionally, the final 10 years of military service must have been served in the South Carolina National Guard. No cost-of-living increases are provided to SCNG retirees.

Summary of Significant Accounting Policies

Fund Structure

The Systems' accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate pension trust funds (fiduciary fund type) are used to account for the activities of the five public employee retirement systems administered by PEBA.

Adoption of New Accounting Standard

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* is effective for financial statements for periods beginning after June 15, 2015 and has been implemented in the financial statements prepared by PEBA's Retirement Division for the fiscal year ended June 30, 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. It requires measurement of certain assets and liabilities at fair value using a consistent and detailed definition of fair value and accepted valuation techniques. It also enhances disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Additional disclosures are also required for investments in certain entities that calculate net asset value per share (or its equivalent).

Basis of Accounting

All funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

Administrative Expenses

Administrative expenses are the responsibility of PEBA and all accounting and corresponding disclosures relating to administrative expenses of the pension trust funds are included in the financial statements of the Systems.

Administrative expenses for the Retirement Division of PEBA are funded by investment earnings and are allocated to each of the pension trust funds based on its respective portion of total assets in order to pay for actual expenses incurred during the year. Administrative expenses of the Systems include the Retirement Division's portion of PEBA employee salaries and associated employee benefits, disability reviews, fiduciary liability insurance and other professional service fees.

Cash and Cash Equivalents

The Systems classify cash on deposit in financial institutions and cash on deposit in the state's internal cash management pool as cash and cash equivalents. The Systems also classify certain short-term highly liquid securities as cash equivalents if the date of maturity is three months or less from the date of acquisition. Forward contracts, foreign currencies and cash held in the strategic partnership accounts are also classified as cash and cash equivalents.

Contributions

Employee, employer, and state-appropriated contributions are recognized in the period in which they are due, pursuant to formal commitments as well as statutory requirements. Substantially all contributions receivable are collected within 30 days of year-end.

Investments

The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005 as co-fiduciary for the Retirement Systems, has exclusive authority for investing and managing all assets held in trust for the South Carolina Retirement Systems. Funds of the Systems are invested subject to the terms, conditions, limitations, and restrictions imposed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310 (B) and Title 9 Chapter 16 of the South Carolina Code of Laws. The funds and assets of the various state retirement systems are not funds of the State, but are instead held in trust as provided in Section 9-16-20.

The RSIC is structured as a separate state agency reporting to a body of appointed Commissioners. The Commission is a seven-member board that includes the State Treasurer, the Executive Director of PEBA, and a retired member of the Systems. The Commission employs a Chief Executive Officer (CEO) who serves as the agency head of the RSIC, reporting directly to the Commission, with functions and duties assigned by the Commission. The CEO is

the central source of authority and accountability for administrative decisions. In addition, the Commission employs a Chief Investment Officer (CIO) who reports to the CEO for day to day oversight and strategic planning objectives and who serves as the central source of authority and accountability for all investment decisions delegated to him or her by the Commission and state law. The Commission also engages an external investment consultant, who is accountable to the Commission to work collaboratively with RSIC staff to fulfill the duties of investing the Systems' portfolio.

As with PEBA, administrative costs of the RSIC are paid from the Systems, and its budget is funded entirely from the trust fund. Costs include Commissioner, investment and administrative staff compensation, as well as other contractual services and other operating expenses. The allocation of those administrative costs is based upon a proration of such costs in proportion to the assets that each system bears to the total assets of all of the systems for the most recently completed fiscal year.

The Commission has adopted a Statement of Investment Objectives and Policies (SIOP) in order to establish investment and performance objectives, policies and guidelines, roles, responsibilities and delegation of authority for the investment and management of assets of the Systems. The SIOP is reviewed by the Commission at least annually to determine its continued applicability. The SIOP provides the framework pursuant to which the CIO and staff develop the Annual Investment Plan (AIP), which provides a formal plan for investing the Systems' assets to achieve the Commission's investment objectives and mission. As required by Section 9-16-320, the AIP must be submitted to the Commission no later than April 1 of each year, and the Commission must meet no later than May 1 of each year to adopt the proposed AIP for the following fiscal year. The Commission may amend the SIOP and AIP during the fiscal year as it deems appropriate.

The Commission manages Systems' assets with a long-term horizon and seeks to earn an appropriate risk-adjusted return in consideration of the specific goals, needs and circumstances of the Systems and in the exclusive interest of members of the Systems. Among the decisions the Commission can make, asset allocation has the most significant impact on the portfolio's return, risk profile and cost and is reviewed annually as part of the development of the AIP. Based on the Commission's determination of the appropriate risk tolerance for the Portfolio and its long-term return expectations, it has authorized the following Policy Asset Allocation, including target allocations and ranges for each asset class that were adopted by the Commission for the fiscal year beginning July 1, 2015 and reflects amendments made to the SIOP in November 2015 to increase global public equity by 3% and decrease cash and short duration to 2% of the portfolio, effective 12/31/15.

Asset Class	Policy Allocation	Minimum	Maximum
Global Equity	43.0%	30.0%	48.0%
Global Public Equity ^{1, 2}	34.0%	25.0%	40.0%
Private Equity ²	9.0%	6.0%	12.0%
Real Assets	8.0%	4.0%	15.0%
Commodities ¹	3.0%	0.0%	5.0%
Real Estate	5.0%	3.0%	10.0%
Infrastructure	0.0%	0.0%	5.0%
Other Real Assets	0.0%	0.0%	5.0%
Opportunistic	20.0%	15.0%	25.0%
GTAA / Risk Parity ¹	10.0%	5.0%	20.0%
Hedge Funds (low beta) ¹	10.0%	5.0%	20.0%
Diversified Credit	17.0%	10.0%	25.0%
Mixed Credit ^{1, 2}	5.0%	2.0%	10.0%
Emerging Markets Debt ¹	5.0%	2.0%	10.0%
Private Debt ^{1, 2}	7.0%	3.0%	10.0%
Other Credit	0.0%	0.0%	5.0%
Conservative Fixed Income	12.0%	10.0%	25.0%
Core Fixed Income	10.0%	5.0%	20.0%
Global Fixed Income	0.0%	0.0%	10.0%
Cash and Short-Duration (Net)	2.0%	0.0%	10.0%

¹Asset classes in which hedge funds can be used, up to a maximum of 20 percent across the entire portfolio.

²The target weights to Private Equity and Private Debt will be equal to their actual weights as of prior month end. Private Equity and Public Equity will combine for 43 percent of the entire portfolio. Private Debt and Mixed Credit will combine for 12 percent of the entire portfolio.

At June 30, 2016, the Systems held no investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent 5 percent or more of the plans' fiduciary net position.

For the year ended June 30, 2016, the annual money weighted rate of return on plan investments was (.47) percent. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

As a fiduciary acting on behalf of the Systems, the Commission enters into individual agreements with various investment managers to invest plan assets. As of June 30, 2016, legal agreements were in place with 129 investment managers.

The Office of the State Treasurer has a contract with BNY Mellon to serve as custodian of the funds of the Retirement Systems. Assets also include investments not custodied at BNY Mellon, such as funds held in partnerships, commingled accounts or private market asset classes. Additionally, as an accommodation under the global custody agreement between the South Carolina State Treasurer and BNY Mellon, the custodial bank provides consolidated recordkeeping services which are reflected on account statements for securities not held in the custodian's vault or for which the custodian or its nominee is not the registered owner (non-custody securities).

For financial statement purposes, investments of the pension trust funds are reported at fair value in the Statement of Fiduciary Net Position. Short term securities categorized as cash or cash equivalents are reported at fair value. The Systems hold domestic and global equity securities which are traded on organized exchanges. Equity securities which are held by the custodian are valued by the custodian using the last reported price on a trade-date basis. The Systems hold domestic and global fixed income securities. The custodian values those fixed income assets which are held in custody based upon prices received from external pricing sources

and in accordance with the custodian's pricing policy. Commingled funds, which may contain equity and/or fixed income securities are priced based upon the manager's pricing policy and a Net Asset Value (NAV) is provided to the custodian. Private market investments typically utilize a limited partnership structure and private equity funds normally invest in companies that are not publicly traded on a stock exchange. The fair values of alternative investments including private equity, private debt, hedge funds, real estate and commodities, for which daily market values are not readily ascertainable, are valued in good faith based on the most recent financial information available for the underlying companies and reported by the investment managers at the measurement date, adjusted for subsequent cash flow activities through June 30, 2016. The issue of valuation of investments is a joint responsibility of PEBA and RSIC. Staff from both offices serve on a joint valuation committee which oversees and reviews the valuations provided by the custodian and/or the external investment managers. The estimated fair value of these investments is intended to approximate, but at times may differ, from values that would have been used had a liquid public market existed.

Investments are combined in a commingled investment pool, with each system owning a percentage of the pool and receiving proportionate investment income in accordance with their respective ownership percentage. Investment income includes realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, dividend income earned, less investment expense, plus income from securities lending activities, less deductions for securities lending expenses.

Certain investments from the 2015 Statement of Fiduciary Net Position have been re-categorized to better align and conform with RSIC's asset allocation.

While some investment managers submit invoices for their investment management fees, a significant number of investment managers provide account

valuations on a net of fee basis. For greater transparency, the RSIC makes a good faith attempt to account for netted fee amounts that are not necessarily readily separable. Through a concerted effort with Conifer Financial Services, administrator for the RSIC, the collection, aggregation, and reasonability testing enables RSIC to provide the Retirement Division of PEBA with a collection of investment fees and expenses that would not otherwise be disclosed. The RSIC provides the netted fee information to PEBA on an annual basis so that amounts can be reclassified and reported in the financial statements on the Investment expense line of the Statement of Changes in Fiduciary Net Position. The non-invoiced investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), and other investment expenses such as organizational expenses in limited partnership structures. The total netted fee amounts reported also reflect the impact of any offsets which have the effect of reducing this total. There is no industry standard for reporting pension plan investment fees and expenses, therefore, in order to compare investment expense as reported by the Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative reports is necessary. Additionally, investment plan composition directly influences the fee structure of a plan and adjustments for differences in plan asset allocation are necessary before conclusions can be reached from such comparisons.

Capital Assets

Capital Assets are valued at historical cost or at estimated historical cost if actual historical cost data is not available. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend the asset's useful life are not capitalized. An individual asset is capitalized and reported if it has an estimated useful life of at least two years and a historical cost as follows: more than \$5 thousand for machinery and equipment; more than \$100

thousand for buildings. All land and non-depreciable land improvements are capitalized and reported, regardless of cost. Depreciation is recorded using

the straight line method over the useful life of 40 years for the building and a useful life of 2 to 25 years for equipment. Land is not depreciated.

II. Contributions and Reserves

Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws. The board may increase the percentage rate in SCRS and PORS employer and employee contributions on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

After June 30, 2016, if the most recent annual actuarial valuation of the Systems for funding purposes 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 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, 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 until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

Following are the employee and employer contribution rates applicable for fiscal year 2016:

System	Employee Rate	Employer Rate
SCRS	8.16%	11.06% ¹
PORS	8.74%	13.74% ²
GARS	11%	\$4,501,000 ³
JSRS	10%	47.97% ¹
SCNG	Non-contributory	\$4,590,798

¹ Includes incidental death benefit contribution rate of 0.15%

² Includes incidental death benefit and accidental death benefit contribution rate of 0.20% each

³ Includes incidental death benefit contributions as determined by the Systems' actuary

Employer contributions for the GARS and SCNG are determined by the Systems' actuary on an annual basis. SCNG employer contributions are provided annually by state appropriations.

In accordance with South Carolina State Statute, an additional employer contribution surcharge of 5.33 percent of covered payroll was added to the contribution rate applicable to state and local governments, and public school entities covered by the state's retiree health and dental insurance benefits. This assessment is for the purpose of providing retiree health and dental insurance coverage and is not a part of the actuarially established contribution rates for retirement funding purposes. Functioning as a collecting agent, SCRS and PORS collected (amounts expressed in thousands) \$411,918 and \$21,268 respectively in retiree insurance surcharges (\$70,761 of which was applicable to the State ORP) and remitted these

funds to the South Carolina Retiree Health Insurance Trust Fund.

The Fiduciary Net Position of each plan is required to be reserved in the following accounts:

The **Employer Fund** is credited with all employer retirement contributions and investment earnings of the Employee and Employer Funds. Upon retirement, all member account balances and contributions are transferred to the Employer Fund as all annuities and administrative expenses of the Systems are paid from this fund. Annual state appropriations to the SCNG are also credited to the Employer Fund to provide funding for the payment of annuities and administrative expenses.

The **Employee Fund** is credited with all contributions made by active members of the Systems. Interest is credited to each active member's individual account at an annual rate of 4 percent by transferring funds from the Employer Fund to the Employee Fund. At termination of employment prior to retirement, employee contributions and accumulated interest may be refunded from this fund to the member. At retirement, employee contributions and interest are transferred from the Employee Fund to the Employer Fund for subsequent payment of benefits.

The **Death Benefit Fund**, an incidental death program within SCRS and PORS, is the fund to which participating employers contribute for the purpose of providing a death benefit to active and retired

members of the Systems. Employer contributions and investment earnings are credited to this fund. Death benefit payments and administrative expenses are paid from this fund. The assets in the Death Benefits Fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds.

The **Accidental Death Fund** (PORS only) is the fund to which participating employers contribute for the purpose of providing annuity benefits to beneficiaries of members of PORS killed in the actual performance of their duties. This fund and its benefits are independent of any other retirement benefit available to the beneficiary. Employer contributions and investment earnings are credited to this fund. Monthly survivor annuities and administrative expenses are paid from this fund.

The **Qualified Excess Benefit Arrangement (QEBA) Fund** is the fund from which annuity benefits are paid when a benefit recipient exceeds IRC Section 415(b) limits on the amount an individual may receive annually from a qualified defined benefit pension plan. Employer contributions are credited to this fund on an as-needed basis in an amount equivalent to the amount of funds necessary to pay benefits out of the QEBA fund due to IRC Section 415(b) limitations. Accordingly, the QEBA fund currently has no reserve balance.

Balances in the respective reserves at June 30, 2016, were as follows (amounts expressed in thousands):

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>SCNG</u>	<u>Total</u>
Employee Fund	\$ 7,447,442	\$ 968,722	\$ 7,334	\$ 25,082	\$ -	\$ 8,448,580
Employer Fund	16,430,986	2,818,531	22,854	115,635	23,350	19,411,356
Death Benefit Fund	117,934	37,980				155,914
Accidental Death Fund		50,803				50,803
QEBA Fund						-
Totals	<u>\$ 23,996,362</u>	<u>\$ 3,876,036</u>	<u>\$ 30,188</u>	<u>\$ 140,717</u>	<u>\$ 23,350</u>	<u>\$ 28,066,653</u>

III. Deposits and Investments

Deposit and Investment Risk Disclosures

The tables presented on pages 57-60 include disclosures of credit and interest rate risk in accordance with Governmental Accounting Standards Board Statement 40 and are designed to inform financial statement users about investment risks which could affect the Systems' ability to meet its obligations. These tables classify investments by risk type, while the financial statements disclose investments by asset class. The table amounts were provided by the custodian bank and agree to the Statement of Fiduciary Net Position.

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Systems' deposits may not be recovered. As prescribed by South Carolina state statute, the State Treasurer is the custodian of all deposits and is responsible for securing all deposits held by banks. These deposits are secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the state against loss in the event of insolvency or liquidation of the institution or for any other cause. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 or collateralized with securities held by the state or its agent in the South Carolina State Treasurer's name as custodian.

The Systems' deposits at June 30, 2016, were as follows (amounts expressed in thousands):

	<u>Carrying Amount</u>
SCRS	\$19,629
PORS	2,804
GARS	60
JSRS	70
SCNG	51
Total	<u>\$22,614</u>

Actual bank balances at June 30, 2016, totaled \$34,428 (amount expressed in thousands).

Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Systems is governed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310(B) and Title 9 Section 16 of the South Carolina Code of Laws. Funds held in trust for the Retirement Systems may be invested and reinvested in a variety of instruments including, but not limited to, fixed income instruments of the United States, foreign fixed income obligations, swaps, forward contracts, futures and options, domestic and international equity securities, private equity, real estate, and fund of funds.

The table on the following page presents the fair value of investments as of June 30, 2016.

Statement of Invested Assets

June 30, 2016

(Amounts expressed in thousands)

Investment Type	Fair Value	Investment Type	Fair Value
Short Term Investments		Fixed Income Allocation	
Short Term Investment Funds (U.S. Regulated)	\$ 1,728,531	U.S. Government	
Repurchase Agreements	285,065	U.S. Government Treasuries ¹	\$ 423,833
Certificates of Deposit	44,004	U.S. Government Agencies	594,259
Commercial Paper	741,379	Mortgage Backed	
U. S. Treasury Bills	254,985	Government National Mortgage Association	86,341
Discount Notes	526,187	Federal National Mortgage Association	30,740
Corporate Bonds	43,454	Federal Home Loan Mortgage Association	2,414
Strategic Partnership Short Duration	481,561	Federal Home Loan Mortgage Association (Multiclass)	8,534
Options - Cash	(420)	Collateralized Mortgage Obligations	9,015
Futures - Cash	(2,018)	Municipals	32,044
Total Short Term Investments	<u>\$ 4,102,728</u>	Corporate	
Equity Allocation		Corporate Bonds	2,416,412
Global Public Equity²		Mixed Credit	233,515
Common Stocks	\$ 6,465,091	Asset Backed Securities	249,757
Real Estate Investment Trusts	631,537	Private Placements	537,216
Preferred	37,690	Yankee Bonds	2,203
Convertible Preferred	1,492	Global Emerging Debt	1,234,934
Futures - Equity	15,537	Options - Fixed Income	56
Swaps - Equity	32,124	Futures - Fixed Income	24,264
Options - Equity	17,514	Swaps - Fixed Income	(38,152)
Total Global Public Equity	<u>\$ 7,200,985</u>	Total Fixed Income	<u>\$ 5,847,385</u>
Global Tactical Asset Allocation			
Commingled Funds Balanced	\$ 1,963,716		
	<u>\$ 1,963,716</u>		
Alternatives			
Hedge Funds	\$ 3,132,975		
Private Debt	1,709,401		
Private Equity Limited Partnerships	2,644,469		
Real Estate	1,499,968		
Swaps - Commodities	(339)		
Total Alternative Investments	<u>\$ 8,986,474</u>		
		Total Invested Assets	<u><u>\$ 28,101,288</u></u>

Invested Securities Lending Collateral \$ 55,737

Reconciliation of Statement of Invested Assets (listed above) to the Statement of Fiduciary Net Position

Total Invested Assets	\$ 28,101,288
Short Term Investments classified as Cash & Cash Equivalents on Statement of Fiduciary Net Position	
Short Term Investment Funds (U.S. Regulated)	(1,728,531)
Repurchase Agreements	(285,065)
Certificates of Deposit	(15,003)
Commercial Paper	(652,607)
U. S. Treasury Bills	(94,862)
Discount Notes	(494,247)
Corporate Bonds	(43,193)
Options - Cash	420
Futures - Cash	2,018
Total Investments on Statement of Fiduciary Net Position	<u>\$ 24,790,218</u>

¹ U.S. Government Treasuries includes Notes, Bonds, and Treasury Inflation Protected Securities (TIPS).

² RSIC's Public Equity benchmark as of 6/30/2016 is the MSCI All Country World Index. The benchmark is comprised of 53.6% MSCI US, 35.9% MSCI EAFE + CAD, and 10.5% MSCI EM. As of June 30, 2016, RSIC had a NAV of \$4,046,281,036.60 in Global Equity managers that invest to the MSCI World. The MSCI World is comprised of 59.8% MSCI US and 40.2% MSCI EAFE + CAD.

Fair Value Measurements

The Systems categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the Systems performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to pricing policy established by the Plan's custodian bank. Pricing is based primarily on prices from several third-party vendors or other specified alternative sources which are considered to be reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. The Systems may override prices provided by the custodian bank if it is deemed necessary or appropriate.

The Systems have the following recurring fair value measurements as of June 30, 2016 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Investments				
Short Term Investment Funds (U. S. Regulated)	\$ 1,728,531	\$ 1,728,531	\$ -	\$ -
Repurchase Agreements	285,065			285,065
Certificates of Deposit	44,004		44,004	
Commercial Paper	741,379		741,379	
Discount Notes	526,187		526,187	
U. S. Treasury Bills	254,985	254,985		
Corporate Bonds	43,454		43,454	
Total Short Term Investments	\$ 3,623,605	\$ 1,983,516	\$ 1,355,024	\$ 285,065
Equity Allocation				
Global Public Equity				
Common Stocks	\$ 3,119,528	\$ 3,119,528	\$ -	\$ -
Real Estate Investment Trusts	631,537	631,537		
Preferred	37,690	2,042	35,648	
Convertible Preferred	1,492		1,492	
Total Equity	\$ 3,790,247	\$ 3,753,107	\$ 37,140	\$ -
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	423,833	423,833		
U.S. Government Agencies	594,259		594,259	
Mortgage Backed				
Government National Mortgage Association	86,341		86,341	
Federal National Mortgage Association	30,740		30,740	
Federal Home Loan Mortgage Association	2,414		2,414	
Federal Home Loan Mortgage Association (Multiclass)	8,534		8,534	
Collateralized Mortgage Obligations	9,015		9,015	
Municipals				
Corporate				
Corporate Bonds	2,416,412		1,922,945	493,467
Asset Backed Securities	249,757		249,757	
Private Placements				
Yankee Bonds	537,216		537,216	
Global Emerging Debt	2,203		2,203	
Total Fixed Income	\$ 4,558,732	\$ 589,797	\$ 3,475,468	\$ 493,467
Total Investments by Fair Value Level	\$ 11,972,584	\$ 6,326,420	\$ 4,867,632	\$ 778,532
Investments measured at the net asset value (NAV)				
Strategic Partnership Short Duration	\$ 481,561			
Global Equity	3,345,563			
Global Tactical Asset Allocation	1,963,716			
Mixed Credit	233,515			
Global Emerging Debt	1,068,970			
Hedge Funds	3,132,975			
Private Equity	2,644,469			
Private Debt	1,709,401			
Real Estate	1,499,968			
Total investments measured at the NAV	\$ 16,080,138			
Total investments measured at fair value	\$ 28,052,722			
Investment derivative instruments				
Short Term Investments				
Options - Cash	\$ (420)	\$ -	\$ (420)	
Futures - Cash	(2,018)	(2,018)		
Equity Investments				
Options - Equity	17,514		17,514	
Futures - Equity	15,537	15,537		
Swaps - Equity	32,124		32,124	
Fixed Income Investments				
Options - Fixed Income	56	(40)	96	
Futures - Fixed Income	24,264	24,264		
Swaps - Fixed Income	(38,152)		(38,152)	
Alternative Investments				
Swaps - Commodities	(339)		(339)	
Total investment derivative instruments	\$ 48,566	\$ 37,743	\$ 10,823	\$ -
Total Invested Assets	\$ 28,101,288			

Investments Measured at the Net Asset Value (NAV):

	Fair Value	Unfunded Commitments*	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Strategic Partnership Short Duration	\$ 481,561		Monthly	5 - 10 days
Global Equity	3,345,563		Daily/Monthly	5 - 30 days
Global Tactical Asset Allocation	1,963,716		Monthly/Quarterly	5 - 14 days
Mixed Credit	233,515		Monthly	5 - 30 days
International Emerging Debt	1,068,970		Daily/Monthly	10-15 days
Hedge Funds	3,132,975		Monthly/Quarterly	2 - 90 days
Private Equity	2,644,469	\$ 839,692	Illiquid	Illiquid
Private Debt	1,709,401	1,479,311	Illiquid	Illiquid
Real Estate	1,499,968	1,078,343	Illiquid	Illiquid
Total investments measured at the NAV	\$ 16,080,138			

**For purposes of this table, amounts are reported in thousands in US Dollars. The Private Equity Category includes €86,255,430 and AUD \$86,100,000 that have been converted to USD.*

Strategic Partnership Short Duration Funds. This investment type contains two investments in funds that invest primarily in short duration debt instruments which generally have a one to three year maturity. The fair values of the investments have been determined using the percent ownership of the NAV of the fund. Redemptions are generally allowed monthly, provided adequate notice.

Global Equity Funds. This investment type includes nine funds that invest primarily in global developed and emerging equity public markets instruments. The fair values of the investments in this type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund. Redemptions are generally allowed monthly, provided adequate notice.

Global Tactical Asset Allocation Funds. This investment type includes four funds that may be invested in liquid securities and instruments, including but not limited to equities, fixed income securities, bank loans, commodities, futures, swaps, forwards, options and currencies. The fair values of the investments in this type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund. Redemptions are allowed monthly, provided adequate notice, except for one fund that may require a longer redemption timeframe and may be subject to gates and/or lock-ups.

Mixed Credit Funds. This investment type includes three funds that generally invest in high yield, bank loan and structured credit instruments. The fair values of the investments in this type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund. Redemptions are generally allowed monthly, provided adequate notice.

International Emerging Debt Funds. This investment type includes four funds that generally invest in debt securities issued in any currency and may hold foreign currency. The fair values of the investments in this type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund. Redemptions are generally allowed monthly, provided adequate notice, and one fund charges a redemption fee.

Hedge Funds. This investment type includes 16 funds that generally invest in hedge fund strategies that seek alpha in equity or credit markets, or seek to minimize embedded market beta. There are 10 of these funds, or approximately 73 percent of the value of this investment type, invested through strategic partnership investments which may consist of underlying investments in more than one hedge fund. The fair values of the investments in this type have been determined using NAV per share of the investments or percent ownership of

the NAV of the fund. Redemptions are generally allowed monthly, provided adequate notice; however, it is common that funds have authority to require longer redemption timeframes and/or make the redemption subject to gates in order to mitigate any detrimental impact to the fund.

Private Equity Funds. This investment type includes 40 funds that consist of investments in limited partnerships or co-investments and four funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private equity investments span the venture capital, growth equity, fund of funds, secondaries, energy and buyout strategies. Private equity is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this type have been determined using percent ownership of the NAV of the fund. Due to the nature of the valuation of the underlying fund investments, it is probable that the investments of this type will be sold at an amount different from the percent ownership of the NAV of the fund.

Private Debt Funds. This investment type includes 20 funds that consist of investments in limited partnerships and 5 funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private debt investments span the direct lending, distressed, energy, mezzanine, mortgages, opportunistic and other strategies. Private Debt is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this type have been determined using percent ownership of the NAV of the fund. Due to the nature of the valuation of the underlying fund investments, it is probable that the investments of this type will be sold at an amount different from the percent ownership of the NAV of the fund.

Real Estate Funds. This investment type includes 22 funds that consist of investments in limited partnerships or co-investments and four funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The real estate investments span the core, diversified, real estate debt, timber, value add and opportunistic strategies. Real Estate is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this type have been determined using percent ownership of the NAV of the fund. Due to the nature of the valuation of the underlying fund investments, it is probable that the investments of this type will be sold at an amount different from the percent ownership of the NAV of the fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the RSIC has no formal interest rate risk policy, interest rate risk is observed within the portfolio using effective duration (option adjusted duration), which is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 100 basis point change in interest rates. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. Investment guidelines may specify the degree of interest rate risk taken versus the benchmark within each fixed income portfolio. Disclosures for interest rate risk at June 30, 2016, are noted below (amounts expressed in thousands).

Investment Type	Fair Value Total	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration (option adjusted duration)
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	\$ 1,728,531	\$ -	\$ 1,728,531	0.08
Repurchase Agreements	285,065		285,065	0.08
Invested Securities Lending Collateral	55,737	55,737		
Certificates of Deposit	44,004		44,004	0.39
Commercial Paper	741,379	24,996	716,383	0.11
U. S. Treasury Bills	254,985		254,985	0.22
Discount Notes	526,187		526,187	0.04
Corporate Bonds	43,454	261	43,193	0.11
Strategic Partnership Short Duration	481,561		481,561	1.16
Options - Cash	(420)	(306)	(114)	(2.20)
Futures - Cash	(2,018)		(2,018)	45.18
Total Short Term Investments	4,158,465	80,688	4,077,777	
Equity Allocation				
Preferred	37,690	2,042	35,648	5.52
Convertible Preferred	1,492	1,492		
Total Equity Investments	39,182	3,534	35,648	
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	423,833		423,833	10.62
U. S. Government Agencies	594,259	71,765	522,494	0.92
Mortgage Backed				
Government National Mortgage Association	86,341		86,341	1.23
Federal National Mortgage Association	30,740		30,740	1.85
Federal Home Loan Mortgage Corporation	2,414	2,055	359	0.90
Federal Home Loan Mortgage Association (FHLMC Multiclass)	8,534		8,534	2.77
Collateralized Mortgage Obligations	9,015	449	8,566	4.37
Municipals	32,044	1,531	30,513	9.95
Corporate				
Corporate Bonds	2,416,412	535,254	1,881,158	3.61
Mixed Credit	233,515	12,579	220,936	4.68
Asset Backed Securities	249,757	39,698	210,059	(0.03)
Private Placements	537,216	128,152	409,064	2.45
Yankee Bonds	2,203		2,203	10.06
Global Emerging Debt	1,234,934	165,964	1,068,970	13.42
Options - Fixed Income	56		56	65.24
Futures - Fixed Income	24,264		24,264	444.06
Swaps - Fixed Income	(38,152)	(834)	(37,318)	12.88
Total Fixed Income	\$ 5,847,385	\$ 956,613	\$ 4,890,772	
Total Invested Assets	\$ 10,045,032	\$ 1,040,835	\$ 9,004,197	
Total Portfolio Effective Duration (option adjusted duration)				3.58

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holders of its securities. Each individual portfolio within fixed income is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and average credit quality. Within high yield portfolios, a quality rating of lower than C is not permissible in any of the fixed income guidelines except in those circumstances of downgrades subsequent to purchase, in which case the investment manager is responsible for communicating the downgrade to the Commission's consultant and staff. The Systems' fixed income investments at June 30, 2016, were rated by Moody's and are presented below (amounts expressed in thousands).

Credit Risk

June 30, 2016

(Amounts expressed in thousands)

Investment Type and Fair Value	AAA	AA	A	BAA	BA
Short Term Investments					
Short Term Investment Funds (U. S. Regulated)	\$ 1,728,531	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements					
Invested Securities Lending Collateral					
Commercial Paper		352,872		351,529	
Certificates of Deposit		24,002			
Discount Notes	426,190				
Corporate Bonds		5,181	13,053	24,959	
Strategic Partnership Short Duration					
Options - Cash					
Futures - Cash					
Equity Investments					
Preferred				7,396	8,250
Convertible Preferred				1,492	
Fixed Income Allocation²					
Mortgage Backed:					
Federal National Mortgage Association	30,740				
Federal Home Loan Mortgage Association	2,414				
Federal Home Loan Mortgage Association (Multiclass)	8,534				
Collateralized Mortgage Association	9,015				
Municipals		16,338	10,763		
Corporate:					
Corporate Bonds	73,256	139,660	377,952	373,009	458,888
Mixed Credit					
Asset Backed Securities	20,030	26,702	36,810	71,118	20,474
Private Placements	43,942	27,938	106,207	62,527	57,609
Yankee Bonds				1,673	530
Global Emerging Debt					83,246
Options - Fixed Income					
Futures - Fixed Income					
Swaps - Fixed Income					
Totals	\$ 2,342,652	\$ 592,693	\$ 544,785	\$ 893,703	\$ 628,997

Chart continued on page 59

¹The column labeled Not Rated by S&P or Moody's represents securities that were either not rated or had a withdrawn rating.

²U.S. Treasury Bills, Notes and Bonds, Agencies and Government National Mortgage Association securities with a fair value of \$1.36 billion are not included because they are not subject to credit risk.

Chart continued from page 58

Credit Risk

Not Rated

B	CAA	CA	Int'l and EMD Commingled Funds or held in Strategic Partnerships	Rated by S&P; not by Moody's	Not rated by S&P or Moody's ¹	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,728,531
					285,065	285,065
					55,737	55,737
					36,978	741,379
					20,002	44,004
					99,997	526,187
					261	43,454
			481,561			481,561
					(420)	(420)
					(2,018)	(2,018)
1,465				13,726	6,853	37,690
						1,492
						30,740
						2,414
						8,534
						9,015
				4,943		32,044
354,131	53,857	882		197,025	387,752	2,416,412
			233,515			233,515
				36,738	37,885	249,757
35,600	16,312			134,586	52,495	537,216
						2,203
			1,151,688			1,234,934
					56	56
					24,264	24,264
					(38,152)	(38,152)
\$ 391,196	\$ 70,169	\$ 882	\$ 1,866,764	\$ 387,018	\$ 966,755	\$ 8,685,614

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Systems' policy for reducing this risk is to comply with the Statement of Investment Objectives and Policies as amended and adopted by the Commission which states that "except that no limitations on issues and issuers shall apply to obligations of the U.S. Government and Federal Agencies, the domestic fixed income portfolio shall contain no more than 6 percent exposure to any single issuer." As of June 30, 2016, there is no single issuer exposure within the portfolio that comprises

5 percent or more of the overall portfolio. Therefore, there is no concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Systems participates in foreign markets to diversify assets, reduce risk and enhance returns. Currency forwards are used to manage currency fluctuations and are permitted by investment policy. Policy, however, forbids speculating in forwards and other derivatives.

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars at June 30, 2016, (amounts expressed in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Futures Contracts	Private Equity	Private Debt	Preferred Securities	Fixed Income	Equity	Total
Australian Dollar	\$ (127)	\$ 98,964	\$ 706	\$ 7,595	\$ -	\$ -	\$ -	\$ 59,919	\$ 167,057
Brazil Real		(11,345)					11,836		491
Canadian Dollar	4,576	119,854	1,219				(1,109)	100,385	224,925
Danish Krone	133	110						14,129	14,372
Euro Currency	(18,260)	322,302	3,451	165,823	1,519	2,043	186,812	239,792	903,482
Hong Kong Dollar	(705)	49,327	2,573					31,717	82,912
Israeli Shekel								4,300	4,300
Japanese Yen	1,363	258,674	(16,480)					172,251	415,808
Malaysian Ringgit		(1,159)							(1,159)
Mexican New Peso	1,513	(1,059)					(374)	2,832	2,912
New Taiwan Dollar		(2,378)							(2,378)
New Zealand Dollar	12							2,648	2,660
Norwegian Krone	48	(128)						5,659	5,579
Philippines Peso	1								1
Pound Sterling	(1,277)	255,072	18,539				4,574	168,204	445,112
Russian Ruble (New)		(699)							(699)
Singapore Dollar	524	(11,682)						5,575	(5,583)
South Korean Won		(14,060)							(14,060)
Swedish Krona	(1,801)	41,881	948					19,815	60,843
Swiss Franc	62	(495)						73,838	73,405
Totals	\$ (13,938)	\$ 1,103,179	\$ 10,956	\$ 173,418	\$ 1,519	\$ 2,043	\$ 201,739	\$ 901,064	\$ 2,379,980

Derivatives

Derivatives are financial instruments for which the value is derived from underlying assets or data. All of the Systems' derivatives are considered investments. Excluding futures, derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. Through certain collective trust funds, the Systems

may invest in various derivative financial instruments such as futures and options thereon; forward foreign currency contracts, options, interest rate, currency, equity, index, credit default, total return swaps, interest-only strips, and CMOs to enhance the performance and reduce volatility. To comply with the requirements of multiple exchanges, cash and securities in the amount of \$139.7 and \$281.9 million, respectively, were held

in trust by the clearing brokers on June 30, 2016. The Systems' derivatives, consisting of futures, options, forward contracts and swaps are presented in the tables on pages 62-67. Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

Derivatives directly managed by the Investment Commission are used primarily to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The Commission uses derivatives for several reasons:

- **Asset Allocation:** In many cases, synthetic exposures (using derivatives) are placeholders until managers are hired and funded. In time, the Commission may

substitute traditional managers for much of the synthetic exposure currently in the portfolio. Efficient Market Theory dictates that in some asset classes, synthetics are the best way to achieve exposure.

- **Risk Management:** Derivatives allow investors the ability to swiftly and efficiently increase or decrease exposures in order to manage portfolio risk.
- **Cost:** A synthetic (derivative) solution is often the least expensive way to gain exposure to an asset class or to manage portfolio risk. Derivatives are more beneficial in each of the three major measures of cost: commission costs, market impact of trading and opportunity costs.

Futures

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and trade on an organized exchange with gains and losses settled daily thereby significantly reducing credit and default risk. Gains and losses are included in the net appreciation/ (depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

The tables below present classification information on the Systems' derivatives at June 30, 2016, (amounts expressed in thousands):

	Changes in Fair Value	
	Classification	Gain/(Loss)
Futures Contracts	Net appreciation/(depreciation)	\$ 74,008
Forward Contracts	Net appreciation/(depreciation)	(33,663)
Swaps	Net appreciation/(depreciation)	177
Options	Net appreciation/(depreciation)	33,231

	Fair Value			
	Forward Contracts	Futures	Options	Swaps
Cash and Cash Equivalents	\$ (25,320)	\$ (2,018)	\$ (420)	\$ -
Fixed Income		24,264	56	(38,152)
Equity		15,537	17,514	32,124
Alternatives				(339)
Totals	<u>\$ (25,320)</u>	<u>\$ 37,783</u>	<u>\$ 17,150</u>	<u>\$ (6,367)</u>

At June 30, 2016, the Systems had the following exposure via futures contracts (dollar amounts expressed in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value¹
90 Day Eurodollar Future (CME)	March 2017	Short	(10)	\$ (2,483)
90 Day Eurodollar Future (CME)	March 2018	Short	(206)	(51,054)
90 Day Eurodollar Future (CME)	June 2017	Short	(176)	(43,679)
90 Day Eurodollar Future (CME)	September 2017	Short	(71)	(17,613)
90 Day Eurodollar Future (CME)	September 2018	Short	(183)	(45,311)
90 Day Eurodollar Future (CME)	December 2017	Short	(147)	(36,447)
90 Day Eurodollar Future (CME)	December 2018	Short	(659)	(163,069)
Total Cash & Cash Equivalents				(359,656)
S&P 500 Emini Ind Future (CME)	September 2016	Long	4,613	482,105
SPI 200 Index Future (SFE)	September 2016	Long	1,123	108,202
DAX Index Future (EUX)	September 2016	Long	544	146,081
IBEX 35 Index Future (MFM)	July 2016	Long	575	51,917
CAC40 Euro Index Future (EOP)	July 2016	Long	3,400	159,928
S&P / MIB Index Future (MIL)	September 2016	Long	376	33,816
Amsterdam Index Future (EOE)	July 2016	Long	546	52,809
FTSE 100 Index Future (ICE)	September 2016	Long	3,277	281,350
Hang Seng Index Future (HKG)	July 2016	Long	432	58,321
TOPIX Index Future (OSE)	September 2016	Long	2,932	355,961
S&P / TSE 60 Index Futures (MSE)	September 2016	Long	1,131	141,830
OMXS30 Index Future (OMX)	July 2016	Long	2,645	41,161
DJ Euro Stoxx Ind 50 Future (EUX)	September 2016	Long	4,934	156,495
Total Equity				2,069,976
US Long Bond Future (CBT)	September 2016	Long	1,905	328,315
US 10 Year Treasury Notes (CBT)	September 2016	Long	2,921	388,447
US 5 Year Treasury Notes (CBT)	September 2016	Long	2,262	276,335
US 2 Year Treasury Notes (CBT)	September 2016	Long	1,125	246,744
US Long Bond Future (CBT)	September 2016	Long	288	49,635
US 10 Year Treasury Notes (CBT)	September 2016	Long	342	45,481
US 5 Year Treasury Notes (CBT)	September 2016	Long	1,364	166,632
EURO-BUND Future (EUX)	September 2016	Long	6	1,114
Canada 10 Year Bond Future (MSE)	September 2016	Long	116	13,223
EURO BTP Future (EUX)	September 2016	Long	192	30,419
US 10 Year Ultra Future (CBT)	September 2016	Short	(27)	(3,933)
US 10 Year Treasury Notes Future (CBT)	September 2016	Short	(89)	(11,836)
US 5 Year Treasury Notes Future (CBT)	September 2016	Short	(36)	(4,398)
US 2 Year Treasury Notes Future (CBT)	September 2016	Long	153	33,557
US Ultra Bond Future (CBT)	September 2016	Long	2	373
Total Fixed Income				1,560,108
Total				\$ 3,270,428

¹ Notional value is the nominal or face amount that is used to calculate payments made on derivative instruments (futures, forwards, swaps and options). This amount generally does not change hands and is thus referred to as notional. The notional amount represents the economic equivalent to an investment in the physical securities represented by the derivative contract.

Forwards

Forwards are contractual obligations that require the delivery of assets at a fixed price on a predetermined date. These contracts are “over-the-counter” (OTC) instruments, meaning they are not traded on an organized exchange. Currency forwards gains and losses are included in the net

appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

At June 30, 2016, the Systems had the following forward exposures, listed by counterparty (amounts expressed in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Australia & New Zealand Banking Group Ltd	\$ 1,913	\$ (21)	0.07%
Bank of America	295,808	(5,251)	10.64%
Bank of Montreal	363,278	1,617	13.07%
Barclays London	18,281	(262)	0.66%
BNP Paribas	339,727	(7,060)	12.22%
Bank of New York Mellon	544,088	2,090	19.57%
Citibank NA	251,211	(1,892)	9.04%
Commonwealth Bank of Australia	167,054	(216)	6.01%
Credit Suisse International London	2,872	8	0.10%
Deutsche Bank London	1,860	2	0.07%
Goldman Sachs	52,040	102	1.87%
HSBC Securities	206,984	(3,815)	7.44%
JP Morgan Chase Bank	66,584	(1,692)	2.39%
Merrill Lynch International	5,556	2	0.20%
Morgan Stanley Capital Services	6,193	(203)	0.22%
National Australia Bank Ltd	113,867	(4,048)	4.10%
Societe Generale	3,982	31	0.14%
Standard Chartered Bank	6,871	274	0.25%
State Street Corp	150,458	(484)	5.41%
UBS AG	140,633	(4,277)	5.06%
Westpac Banking Corp	40,925	(225)	1.47%
Totals	\$ 2,780,185	\$ (25,320)	100.00%

Swaps

The Systems has entered into various swap agreements to manage plan exposure. Swaps are OTC agreements to exchange a series of cash flows according to specified terms. The underlying asset can be an interest rate, an exchange rate, a commodity price or any other index.

Total return swaps are primarily used to efficiently achieve a target asset allocation. Exposures to an asset class are typically gained by paying a reference rate such as LIBOR, plus or minus a spread, in exchange for the risk and returns of a desired market index. Similarly, exposures can be reduced by receiving a reference rate in exchange for the economic risks and returns of an index.

Counterparty risk, or default risk, is the risk that a party will not honor its contractual obligations. The Systems seeks to actively manage its counterparty risk by thorough analysis and evaluation of all potential counterparties by investment staff and the independent overlay manager. Risk is further minimized through diversification among counterparties with high credit ratings and collateralizing unrealized gains and losses. The Systems currently does not participate in a master netting agreement. Unrealized gains and losses are not netted across instrument types and are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. The table below reflects the counterparty credit ratings at June 30, 2016, for currency forwards, and swap agreements, and options (amounts in thousands):

Quality rating	Forwards	Swaps	Options	Total
Aa2	\$ (10,016)	\$ 12,189	\$ (175)	\$ 1,998
Aa3	(2,386)	3,550	(45)	1,119
A1	(12,487)	3,514	22,424	13,451
A2	(231)	10,513	(5)	10,277
A3		(11)		(11)
Baa1		(65)		(65)
Baa2	2	(810)	(39)	(847)
NR	(202)	(1,065)	(5,010)	(6,277)
Total subject to credit risk	\$ (25,320)	\$ 27,815	\$ 17,150	\$ 19,645
Centrally cleared:				
Chicago Mercantile Exchange Inc.		(23,219)		(23,219)
LCH.Clearnet Ltd		(10,963)		(10,963)
Total not subject to credit risk		\$ (34,182)		\$ (34,182)
Totals	\$ (25,320)	\$ (6,367)	\$ 17,150	\$ (14,537)

At June 30, 2016, the Systems held swaps as shown in the tables below (amounts expressed in thousands):

Counterparty	Total Return Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Gain/Loss Since Trade
BNP Paribas	Russell 2000 Total Return (Short)	Russell 2000 Index Total Return	LIBOR 3M Spread -78bps	4/5/2017	\$ (98,279)	\$ (3,279)
Goldman Sachs	BCOM F3 Preroll w/Gemini Micro	1M US Dollar + 45bps	ABGS1006 INDEX	8/30/2016	117,083	17,083
Goldman Sachs	BCOM F3 Preroll w/Gemini Micro	1M US Dollar + 45bps	ABGS1006 INDEX	9/1/2016	87,246	12,246
JP Morgan	JPM Palmetto Equinox Proxy TR	3M T-Bill + 46.9bps	JMABEQXT INDEX	5/31/2017	116,912	(8,088)
JP Morgan	JPM Enhanced Beta + SSP Proxy	3M T-Bill + 46.9bps	JMABEBSP INDEX	8/31/2016	228,187	13,625
JP Morgan	JPM Palmetto Equinox Proxy TR	3M T-Bill + 46.9bps	JMABEQXT INDEX	9/30/2016	102,221	2,221
Societe Generale	SocGen Congestion Commodities	1M US Dollar + 19bps	SGCOP26E	3/31/2017	234,243	27,083
					<u>\$ 787,613</u>	<u>\$ 60,891</u>

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value
Bank of America NA	Credit Default Swaps	Variable Rate	Fixed Rate	various	\$ 12,700	\$ 180
Barclays Bank PLC	Credit Default Swaps	Fixed Rate	Variable Rate	6/20/17	1,100	(7)
Citibank NA	Credit Default Swaps	Variable Rate	Fixed Rate	6/20/21	9,288	(159)
Credit Suisse AG	Credit Default Swaps	Variable Rate	Fixed Rate	various	12,200	(1,027)
Deutsche Bank AG/London	Credit Default Swaps	Variable Rate	Fixed Rate	10/17/57	21,700	(810)
Goldman Sachs Bank USA	Interest Rate Swaps	Variable Rate	Fixed Rate	11/16/25	900	(72)
Goldman Sachs International	Credit Default Swaps	Variable Rate	Fixed Rate	various	14,200	(845)
JPMorgan Chase Bank NA	Credit Default Swaps	Variable Rate	Fixed Rate	various	16,644	(89)
Merrill Lynch & Company Inc.	Interest Rate Swaps	Fixed Rate	Variable Rate	various	950	(65)
Merrill Lynch International/UK	Credit Default Swaps	Variable Rate	Fixed Rate	various	12,100	(635)
Morgan Stanley Capital Services LLC	Credit Default Swaps	Variable Rate	Fixed Rate	various	8,460	(431)
Royal Bank of Scotland PLC	Credit Default Swaps	Variable Rate	Fixed Rate	various	1,700	(11)
					<u>\$ 111,942</u>	<u>\$ (3,971)</u>
Chicago Mercantile Exchange Inc.	Interest Rate Swaps	Fixed / Variable Rate	Fixed / Variable Rate	various	\$ 381,299	\$ (23,219)
LCH.Clearnet Ltd	Interest Rate Swaps	Fixed / Variable Rate	Fixed / Variable Rate	various	149,800	(10,963)
					<u>\$ 531,099</u>	<u>\$ (34,182)</u>

¹Fair Value is the amount reasonably expected to be received if the underlying positions were liquidated on the following business day.

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has

the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. At June 30, 2016, the Systems had the following option positions (amounts expressed in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Put Aug 16 1153.000 ED 081016	KRW/USD SPOT OPTION 2016	August	(7,300,000)	\$ (108)
Put Aug 16 1132.000 ED 081616	KRW/USD SPOT OPTION 2016	August	(2,300,000)	(18)
Put Jul 16 1150.000 ED 072716	KRW/USD SPOT OPTION 2016	July	(3,300,000)	(35)
Put Jul 16 1150.000 ED 071516	KRW/USD SPOT OPTION 2016	July	(2,200,000)	(17)
Put Jul 16 1150.000 ED 070716	KRW/USD SPOT OPTION 2016	July	(4,700,000)	(21)
Put Jul 16 1133.000 ED 071116	KRW/USD SPOT OPTION 2016	July	(3,100,000)	(5)
Call Aug 16 1222.000 ED 081016	KRW/USD SPOT OPTION 2016	August	(7,300,000)	(16)
Call Aug 16 1205.000 ED 081616	KRW/USD SPOT OPTION 2016	August	(2,300,000)	(10)
Call Jul 16 1217.000 ED 072716	KRW/USD SPOT OPTION 2016	July	(3,300,000)	(4)
Call Dec 16 087.000 ED 120816	RUB/USD SPOT OPTION 2016	December	(2,300,000)	(13)
Put Aug 16 018.300 ED 080916	MXN/USD SPOT OPTION 2016	August	(2,200,000)	(31)
Put Jul 16 018.370 ED 072716	MXN/USD SPOT OPTION 2016	July	(1,100,000)	(15)
Put Jul 16 017.950 ED 070116	MXN/USD SPOT OPTION 2016	July	(2,800,000)	-
Put Jul 16 017.650 ED 070716	MXN/USD SPOT OPTION 2016	July	(2,700,000)	(1)
Call Aug 16 019.800 ED 080916	MXN/USD SPOT OPTION 2016	August	(2,200,000)	(8)
Call Jul 16 019.650 ED 072716	MXN/USD SPOT OPTION 2016	July	(1,100,000)	(3)
Call Aug 16 105.000 ED 080816	JPY/USD SPOT OPTION 2016	August	(3,300,000)	(24)
Call Jul 16 001.378 ED 072716	USD/GBP SPOT OPTION 2016	July	(3,200,000)	(27)
Call Aug 16 001.1275 ED 080816	USD/EUR SPOT OPTION 2016	August	(5,900,000)	(45)
Call Jul 16 000.752 ED 071516	USD/AUD SPOT OPTION 2016	July	(4,300,000)	(16)
Call Jul 16 000.751 ED 071316	USD/AUD SPOT OPTION 2016	July	(800,000)	(3)
Total Cash & Cash Equivalents				(420)
Put Aug 16 132.000 ED 07/22/16	US 10 YR TREAS NTS FUT SEP 16	August	(151)	(40)
Pug Jul 16 001.150 ED 07/05/16	IRS P USD 1Y 3.125 BPS R 1.15%	July	77,500,000	-
Call Dec 16 000.770 ED 122116	IRS P USD 5Y R .41 BPS .77%	December	(16,600,000)	(69)
Call Dec 16 001.000 ED 122116	IRS R 1% P US0006M 12/22/21	December	8,300,000	67
Call Dec 16 076.500 ED 121316	IRS P USD 5Y 42.625 R 0.765%	December	(19,200,000)	(74)
Call Dec 16 001.000 ED 121316	IRS P USD 5Y R .843125 BPS	December	9,600,000	75
Put Aug 18 002.940 ED 08/20/18	IRS P USD 30Y 97BPS R 2.94%	August	1,600,000	46
Put Aug 18 002.800 ED 08/20/18	IRS P USD 5Y 22BPS R 2.8%	August	(6,900,000)	(25)
Put Aug 18 002.905 ED 082018	IRS P USD 30Y 98BPS R 2.905%	August	4,900,000	149
Put Aug 18 002.800 ED 082018	IRS P USD 5Y 22BPS R 2.8%	August	(21,600,000)	(79)
Put Jul 16 001.250 ED 07/05/16	IRS P USD 1Y 3BPS R 1.25%	July	212,400,000	-
Put Jul 16 001.250 ED 07/05/16	IRS P USD 1Y 38BPS R 1.25%	July	134,000,000	-
Call Jan 18 001.100 ED 013018	IRS P USD2Y 100BPS R 1.100%	January	(11,200,000)	(88)
Call Jan 18 001.600 ED 013018	IRS P USD 2Y 100BPS R1.600%	January	(11,200,000)	(161)
Call Jan 18 002.100 ED 1/30/18	IRS P USD 2Y 14BPS R 2.1%	January	11,200,000	255
Total Fixed Income				56
Put Jan 17 1676.220 ED 1/31/17	S & P 500 INDEX (SPX) OTC	January	(161,077)	(3,718)
Call Jan 17 1963.040 ED 013117	S & P 500 INDEX (SPX) OTC	January	(322,154)	(60,230)
Call Jan 17 1862.460 ED 013117	S & P 500 INDEX (SPX) OTC	January	322,154	86,456
Put Jul 16 2020.000 ED 072216	S & P 500 INDEX (SPX)	July	(380)	(327)
Put Jul 16 2065.000 ED 071516	S & P 500 INDEX (SPX)	July	(1,150)	(1,334)
Put Jul 16 2020.000 ED 070116	S & P 500 INDEX (SPX)	July	(380)	(6)
Put Jul 16 2020.000 ED 070816	S & P 500 INDEX (SPX)	July	(380)	(78)
Put Aug 16 2025.000 ED 083116	S & P 500 INDEX (SPX)	August	(1,140)	(3,249)
Total Equity				17,514
Total				\$ 17,150

Alternative Investments

The Alternative Investment category includes the following asset classes: private equity, hedge funds, private debt, real estate and commodities.

Private equity, private debt and real estate investments are typically structured as limited partnerships. In this structure, the Systems is one of several limited partners, while the investment manager serves as the general partner. Investing in such limited partnerships legally obligates the Systems to invest the committed amount until the investment is fully funded or the contractual investment period has expired. Hedge fund and commodities investments are typically on subscription basis with a single, initial investment with no further commitment.

The Systems established several strategic partnerships to gain access to deal flow, to receive favorable economics and to efficiently take advantage of market opportunities. Investments within the strategic partnership accounts may include allocations to any asset class including those considered alternative investments. Assets of Strategic Partnerships are reported within their respective asset class totals.

The Commission's intent is to access superior risk-adjusted returns through investing in alternative investment asset classes. Due to their low correlation to traditional asset classes, alternative investments diversify the portfolio and help reduce the risk associated with volatility of returns.

Commitments

The Commission, on behalf of the Systems, has entered into contractual agreements with numerous alternative investment managers and is committed for future funding of private equity, private debt and real estate investments. At June 30, 2016, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts expressed in thousands):

	Total Commitment	Amount Funded to Date	Remaining Unfunded Commitment
Limited Partnerships USD			
Private Equity	\$ 4,226,328	\$ 3,546,567	\$ 679,761
Private Debt	4,484,552	3,005,241	1,479,311
Real Estate	3,071,378	1,994,662	1,076,716
Real Assets	30,000	28,373	1,627
Totals	\$ 11,812,258	\$ 8,574,843	\$ 3,237,415
Limited Partnerships Euros			
Private Equity	€ 275,750	€ 189,495	€ 86,255
Private Debt	75,917	75,917	
Totals	€ 351,667	€ 265,412	€ 86,255
Limited Partnerships AUD			
Private Equity	\$ 100,000	\$ 13,900	\$ 86,100
Totals	\$ 100,000	\$ 13,900	\$ 86,100

Securities Lending

The Systems' investment portfolio currently participates in a securities lending program, managed by BNY Mellon ("Securities Lending Program"), whereby securities are loaned for the purpose of generating additional income. BNY Mellon is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to various third party broker-dealers and financial institutions. The market value of the required cash collateral must initially meet or exceed 102.0 percent of the market value of the securities loaned, providing a margin against a decline in the market value of collateral. If the collateral value falls below 100.0 percent, the borrower must post additional collateral. In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value (NAV) of \$1.00, which is determined by dividing the market value of the assets by the cost of those assets.

There are no restrictions on the amount of securities that may be loaned and conservative investment guidelines continue to be maintained within the Securities Lending Program. The re-investment of the cash collateral is restricted to short duration, very low risk securities and is monitored by RSIC on an ongoing basis. The types of securities available for loan during the year ended June 30, 2016 included U.S. Government securities, U.S. Government agencies, corporate bonds and equities. The contractual agreement between the State Treasurer as custodian and BNY Mellon provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash and

U.S. Government securities are received as collateral for these loans. Collateral securities cannot be pledged or sold without a borrower default. Cash collateral received is invested, and accordingly, investments made with cash collateral are reported as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan.

At June 30, 2016, the fair value of securities on loan was \$146.18 million. The fair value of the invested cash collateral was \$55.74 million, securities lending obligations were \$102.95 million with the difference reported within "Other Liabilities" on the Statement of Fiduciary Net Position. The gross securities lending revenue for the fiscal year was \$946 thousand, a decrease from \$1.98 million in the prior year. Since November 2008, gains and losses from the Securities Lending Program have been excluded from the Total Plan performance calculations.

With regard to counterparty credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding was one day. The average weighted maturity of investments made with cash collateral was one day. At June 30, 2016, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (amounts expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2016:

	SCRS	PORS	GARS	JSRS	SCNG	06/30/16 TOTALS	06/30/15 TOTALS
Securities lent for cash collateral							
U.S. Government securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,751
Corporate bonds	22,082	3,554	26	127	19	25,808	61,245
Common stock	64,486	10,377	75	373	57	75,368	38,570
Total	<u>\$86,568</u>	<u>\$13,931</u>	<u>\$101</u>	<u>\$500</u>	<u>\$76</u>	<u>\$101,176</u>	<u>\$114,566</u>
Securities lent for non-cash collateral							
Corporate bonds						\$ -	\$ 26,410
Common stock	38,506	6,196	45	222	34	45,003	38,637
Total	<u>\$38,506</u>	<u>\$6,196</u>	<u>\$45</u>	<u>\$222</u>	<u>\$34</u>	<u>\$45,003</u>	<u>\$65,047</u>
Cash collateral invested as follows							
Repurchase agreements	\$47,690	\$7,674	\$56	\$275	\$42	\$55,737	\$70,177
Total	<u>\$47,690</u>	<u>\$7,674</u>	<u>\$56</u>	<u>\$275</u>	<u>\$42</u>	<u>\$55,737</u>	<u>\$70,177</u>
Securities received as collateral							
U.S. Government securities	\$38,748	\$6,236	\$45	\$224	\$34	\$45,287	\$66,639
Total	<u>\$38,748</u>	<u>\$6,236</u>	<u>\$45</u>	<u>\$224</u>	<u>\$34</u>	<u>\$45,287</u>	<u>\$66,639</u>

IV. Transfers between Systems

Transfers between systems are statutorily authorized internal transfers of contributions and service credit from one retirement system to another retirement system that result from members voluntarily initiating the transfer when certain conditions are met.

Transfers made within the Systems administered by PEBA during the fiscal year ended June 30, 2016, were as follows (amounts expressed in thousands):

Transfers from:	Transfers to:					
	SCRS	PORS	GARS	JSRS	SCNG	Total
SCRS	\$ -	\$1,174	\$ -	\$ -	\$ -	\$1,174
PORS				27		27
GARS	147					147
JSRS	30					30
SCNG						-
Total	<u>\$177</u>	<u>\$1,174</u>	<u>\$ -</u>	<u>\$27</u>	<u>\$ -</u>	<u>\$1,378</u>

The following schedule reflects amounts due to or due from other systems as of June 30, 2016, (amounts expressed in thousands):

Due from:	Due to:					
	SCRS	PORS	GARS	JSRS	SCNG	Total
SCRS	\$ -	\$ 302	\$ -	\$ -	\$ -	\$ 302
PORS						-
GARS						-
JSRS						-
SCNG						-
Total	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302</u>

V. Related Party Transactions

The pension plans provide pension and other benefits to employees of all state agencies. Revenues attributed to these agencies are recorded in the financial statements as employee and employer contributions and constitute approximately 32 percent of combined contribution revenues. In addition, the Systems receives custodial and related services from the Office of the South Carolina State Treasurer.

At June 30, 2016, liabilities of approximately \$65.2 million were due to other state departments and agencies, and contributions receivable of

approximately \$45 million were due from other state departments and agencies.

The SCNG Supplemental Retirement Plan received state-appropriated contributions in the amount of \$4.6 million during the fiscal year.

The Retirement System Investment Commission is a separate state agency; however, the administrative costs of the Commission are funded by transfers from the Systems' trust funds. Transfers in the amount of approximately \$13 million were made to the Commission during the fiscal year.

VI. Deferred Retirement Option Plans

The Teacher and Employee Retention Incentive (TERI) program, implemented effective January 1, 2001, is a deferred retirement option plan available to active SCRS members eligible for service retirement on or after January 1, 2001. When a member enters TERI, the member's status changes from an active member to a retiree even though the employee continues to work at his regular job and earn his regular salary for a period of up to five years. TERI participants continue to contribute at the same rate as active members. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. During the TERI participation period, the retiree's monthly benefits are accumulated in the trust account. Upon termination of employment at the end of the TERI period, funds are distributed and the retiree may elect a payment method to either roll over his funds into a qualified retirement plan or to receive a single-sum distribution (or a combination thereof). No interest is paid on the participant funds accumulated in the TERI account. Retirement reform legislation closes the TERI program to all members effective June 30, 2018.

A total of 8,922 members were actively participating in the TERI program at June 30, 2016.

The activity for this program is reflected in the following schedule:

TERI Benefits Held in Trust

Year Ended June 30, 2016

(Amounts expressed in thousands)

July 1 Benefits Held in Trust	\$ 645,739
Additions	261,864
TERI Distributions	(123,151)
TERI Liability	(71,693)
June 30 Benefits Held in Trust	<u>\$ 712,759</u>

A deferred retirement option plan also exists under the Retirement System for Judges and Solicitors (JSRS). A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the system's trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2016, there were benefits held in trust totaled 84,174.

VII. Capital Assets

Capital assets at June 30, 2016, consist of the following amounts (expressed in thousands).

Asset Class (at Cost)	Beginning Balances 7/1/2015	Additions	Deletions	Ending Balances 6/30/2016
Land	\$ 582	\$ -	\$ -	\$ 582
Building	4,749			4,749
Equipment	2,057	46	(98)	2,005
Total Capital Assets	7,388	46	(98)	7,336
Accumulated Depreciation				
Building	2,704	119		2,823
Equipment	1,679	191	(98)	1,772
Total Accumulated Depreciation	4,383	310	(98)	4,595
Capital Assets, Net	\$ 3,005	\$ (264)	\$ -	\$ 2,741

VIII. Compensated Absences

As state employees, most full-time permanent employees of SC PEBA's Retirement Division earn 15 days of annual leave and 15 days of sick leave per year during their first ten years of service. After ten years of service is complete, most employees earn an additional 1.25 days of annual leave for each year of service over ten until they reach a maximum of 30 days per year. Sick leave earnings remain at 15 days per year regardless of years of service.

Employees may carry forward up to 45 days of annual leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, employees are eligible to receive payment for up to 45 days of accumulated unused annual leave at the pay rate then in effect.

Employees are not eligible to receive payment for accumulated unused sick leave upon termination.

As of June 30, 2016, the total amount accrued for unused annual leave for PEBA's Retirement Division

employees was \$904,349, and the associated liability is included in Other Liabilities on the Statement of Fiduciary Net Position.

IX. Participation in Pension Plans

Generally, all employees of PEBA are required to participate in the South Carolina Retirement System or the Optional Retirement Program as a condition of employment. Additional information related to membership, benefits and contribution requirements is contained within these notes to the financial statements.

Employer contributions for Retirement Division staff are paid by PEBA and are allocated to the pension trust funds along with all other administrative expenses. Administrative expenses of the Systems are funded by investment earnings. For the year ended June 30, 2016, PEBA's actual contributions to the South Carolina Retirement System (SCRS) for Retirement Division staff were \$883,550.

X. Net Pension Liability

The total pension liability of each defined benefit pension plan summarized below was determined based on the most recent actuarial valuation, which was conducted using membership data as of July 1, 2015, projected forward to the end of the fiscal year, and financial information as of June 30, 2016, using generally accepted actuarial procedures. Information included in the following schedule is based on the certification provided by our consulting actuary, Gabriel, Roeder, Smith and Company. A Schedule of the Employers' Net Pension Liability is intended to provide information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. This schedule as well as a Schedule of Changes in Employers' Net Pension Liability is presented in the Required Supplementary Information (RSI) section.

The net pension liability (i.e. the Systems' total pension liability determined in accordance with GASB No. 67 less the fiduciary net position) as of June 30, 2016, is as follows (dollar amounts expressed in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 45,356,215	\$ 23,996,362	\$ 21,359,853	52.9%
PORS	6,412,510	3,876,036	2,536,474	60.4%
GARS	73,702	30,188	43,514	41.0%
JSRS	278,256	140,717	137,539	50.6%
SCNG	63,045	23,350	39,695	37.0%

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for each of the individual plans administered by PEBA.

	SCRS	PORS	GARS	JSRS	SCNG
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Actuarial assumptions:					
Investment rate of return ¹	7.5%	7.5%	7.5%	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	4.0% to 10.0% (varies by service) ¹	None	3% ¹	None
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually	None	3%	None

¹Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member's job category and gender. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments is based upon the 30 year capital markets outlook at the end of third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning 1/1/2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Allocation / Exposure ^{3,5}	Policy Target	Expected Arithmetic Real rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity ^{1,2}	34.0%	6.52%	2.22%
Private Equity ²	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities ¹	3.0%	4.53%	0.13%
Infrastructure	0.0%	6.26%	0.00%
Other Real Assets	0.0%		
Opportunistic	20.0%		
GTAA/Risk Parity ¹	10.0%	3.90%	0.39%
HF (Low Beta) ¹	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit ^{1,2}	5.0%	3.52%	0.17%
Emerging Markets Debt ¹	5.0%	4.91%	0.25%
Private Debt ^{1,2}	7.0%	4.47%	0.31%
Other Credit	0.0%		0.00%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Global Fixed Income	0.0%		
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
			7.85%

¹Asset classes in which hedge funds can be used, up to a maximum of 20 percent across the entire portfolio.

²The target weights to Private Equity and Private Debt will be equal to their actual weights as of prior month end. Private Equity and Public Equity will combine for 43 percent of entire portfolio. Private Debt and Mixed Credit will combine for 12 percent of the entire portfolio.

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. The contributions required for JSRS, GARS, and the SCNG are based on PEBA’s current funding policy. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability of the participating employers calculated using the discount rate of 7.50 percent, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Discount Rate Sensitivity Analysis

(Amounts expressed in thousands)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SCRS	\$ 26,645,831	\$ 21,359,853	\$ 16,959,474
PORS	3,324,267	2,536,474	1,828,495
GARS	49,789	43,514	38,104
JSRS	167,529	137,539	112,020
SCNG	47,433	39,695	33,327

XI. Death Benefit Program

In addition to monthly pension benefits provided through the Systems, a death benefit program is available to employers. For participating employers, incidental death benefits are provided for both active and retired members. These benefits are funded through separate death benefit programs within SCRS and PORS on a cost-sharing, multiple-employer basis. The assets in the death benefits fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds. Coverage is provided to eligible active and retired working members as well as non-working retirees under the governing statute. Funding for the plans is collected as a percent of covered payroll as determined by the Systems’ actuary and approved

by the governing board. The current employer contribution rates for the programs are 0.15 percent and 0.20 percent of payroll for SCRS and PORS respectively. These contributions fund both the active and retiree death benefits.

Active Death Benefits

Upon the death of an SCRS or PORS contributing member in service who had at least one full year of membership or who died as a result of an injury arising in the course of performing his duties regardless of length of membership, an incidental death benefit equal to the annual earnable compensation of the member at the time of death is payable apart and separate from the payment of pension benefits.

Retiree Death Benefits

Retired members of SCRS and PORS whose last employer prior to retirement is covered by the program, and who met applicable service credit requirements, are also protected under the state-sponsored death benefit program. Upon the death of a retired member, the beneficiary of a non-working retiree will receive a benefit payment of \$2,000, \$4,000 or \$6,000 based on the member's total creditable service at the time of retirement.

Members who work after retirement by either participating in the TERI program or by returning to covered employment as a working retiree are

XII. Litigation

In addition to the litigation mentioned below, controversies or disputes between the South Carolina Retirement Systems and its members arising out of the provisions of Title 9 of the South Carolina Code of Laws (Retirement provisions) are resolved through the "South Carolina Retirement Systems Claims Procedures Act" established by S.C. Code Ann. §9-21-10 et seq. Claims brought pursuant to the Claims Procedures Act generally involve matters pertinent to the individual member or beneficiary. Claims may not be brought on behalf of a class under the Claims Procedures Act.

Gail M. Hutto et al. v. the South Carolina Retirement System et al., C/A No. 4:10-cv-02018-JMC, was a putative class action suit that was filed in federal district court in August 2010. In this matter, Plaintiffs asserted that the provisions of Act No. 153 of 2005 of the South Carolina General Assembly requiring working retirees in the South Carolina Retirement System (SCRS) and the South Carolina Police Officers' Retirement System (PORS) to make contributions to the systems are unconstitutional and illegal. As of June 30, 2012, the Retirement Systems had collected approximately \$121 million in the form of retirement contributions from members of those retirement systems who retired and returned to work on or after July 1, 2005, and contributions have continued to be collected from those retired members who have returned to

eligible for an increased level of death benefits. Beneficiaries of working retirees are provided with a death benefit equal to the amount of the member's annual earnable compensation in lieu of the standard \$2,000, \$4,000 or \$6,000 retired member benefit.

All benefits provided by the Systems are included in the actuarial valuation, including the incidental death benefit program for SCRS, PORS, GARS and JSRS. The July 1, 2015 actuarial valuations reflect the inclusion of the assets and liabilities of the incidental death benefit program and accidental death benefits for PORS.

covered employment. Pursuant to Defendants' motion to dismiss, the federal district court dismissed Plaintiffs' suit on September 27, 2012, finding that Defendants were immune from suit in federal court under the Eleventh Amendment. On appeal, the Fourth Circuit Court of Appeals affirmed the district court's order on December 5, 2014. No further appeal was taken by Plaintiffs. On March 19, 2015, the same Plaintiffs re-filed their claims in state court, alleging violations of their federal constitutional rights. The circuit court granted Defendants' motion to dismiss on November 2, 2015, and, on appeal, the South Carolina Supreme Court affirmed the dismissal of Plaintiffs' complaint on August 10, 2016. Plaintiffs did not seek reconsideration of the decision and have not filed an appeal of the decision. If Plaintiffs do not appeal to the United States Supreme Court by November 8, 2016, the favorable decision in this matter will be final.

Anderson County v. Joey Preston and the South Carolina Retirement System, Case No. 2009-CP-04-4482, is a civil action that was filed in the Tenth Judicial Circuit Court of Common Pleas. Defendant Joey Preston ("Preston") is a retired member of the South Carolina Retirement System who was employed by Plaintiff. In its complaint, Plaintiff sought to rescind a severance agreement entered into between Plaintiff and Preston, in which, among

other things, Plaintiff agreed to pay, and did pay, approximately \$355,000 to the System to purchase retirement service credit on behalf of Preston. Plaintiff named the South Carolina Retirement System as a defendant in this matter as a stakeholder of a portion of the disputed severance funds and sought a return of the \$355,000 paid to the System. By an Order dated May 3, 2013, the circuit court ruled against Plaintiff Anderson County on all claims. Plaintiff appealed to the South Carolina Court of Appeals. The case has been briefed and argued at the court of appeals and the parties are awaiting a decision. At the trial of this matter before the circuit court and on appeal to the court of appeals, Plaintiff modified its request for relief related to the System such that it is no longer seeking a return of funds from the System, but is only seeking to attach Preston's retirement benefits. Accordingly, the outcome of this matter will not have a fiscal impact upon the System.

Marc S. Kirschner, as Litigation Trustee for the Tribune Litigation Trust v. Dennis J. Fitzsimmons, et al., United States District Court Southern District of New York, Case No. 1:11-cv-02652. This case is a bankruptcy litigation matter filed on December 20, 2011, and has been stayed since shortly after it was filed. The Plaintiff attempted to serve a summons on the South Carolina Retirement System in August 2013. SCRS is a defendant as a result of selling Tribune Company stock in connection with a leveraged buyout of the Tribune Company in 2007. Through this lawsuit the creditors of the Tribune Company are attempting to claw-back funds received by SCRS in connection with the sale of the stock. The plaintiff has asserted a claim of approximately two million dollars against SCRS. The South Carolina Retirement System Investment Commission contests the amount the plaintiff alleges SCRS received, contends that there are persuasive arguments favoring dismissal, and has engaged counsel to represent SCRS in this matter.

South Carolina Retirement Systems Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability¹

Years Ended June 30
(Amounts expressed in thousands)

	SCRS			PORS		
	2016	2015	2014	2016	2015	2014
Total pension liability						
Service Cost	\$ 763,357	\$ 744,197	\$ 739,021	\$ 156,567	\$ 154,102	\$ 149,606
Interest	3,231,572	3,148,090	3,021,004	453,696	435,329	417,950
Benefit Changes						-
Difference between actual and expected experience	46,714	(44,636)	638,745	11,582	6,771	64,336
Assumption Changes						
Benefit Payments	(2,782,738)	(2,705,547)	(2,571,049)	(360,656)	(344,410)	(331,783)
Net Change in Total Pension Liability	1,258,905	1,142,104	1,827,721	261,189	251,792	300,109
Total Pension Liability - Beginning	44,097,310	42,955,206	41,127,485	6,151,321	5,899,529	5,599,420
Total Pension Liability - Ending (a)	<u>\$ 45,356,215</u>	<u>\$ 44,097,310</u>	<u>\$ 42,955,206</u>	<u>\$ 6,412,510</u>	<u>\$ 6,151,321</u>	<u>\$ 5,899,529</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,072,659	\$ 1,022,478	\$ 962,798	\$ 175,223	\$ 166,451	\$ 155,608
Contributions - Member	754,153	716,107	652,631	115,188	106,854	96,004
Refunds of contributions to members	(93,694)	(95,104)	(90,250)	(19,178)	(17,453)	(16,184)
Retirement benefits	(2,668,385)	(2,590,299)	(2,461,559)	(337,928)	(323,252)	(311,593)
Death benefits	(20,659)	(20,144)	(19,240)	(3,550)	(3,705)	(4,007)
Net Investment Income	(165,394)	374,152	3,517,324	(24,636)	58,705	538,386
Administrative Expense	(13,149)	(12,554)	(11,765)	(2,055)	(1,938)	(1,820)
Net transfers to affiliated systems	(997)	(1,329)	(2,470)	1,147	1,061	2,260
Net Change in Plan Fiduciary Net Position	(1,135,466)	(606,693)	2,547,469	(95,789)	(13,277)	458,654
Plan Fiduciary Net Position - Beginning	25,131,828	25,738,521	23,191,052	3,971,825	3,985,102	3,526,448
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,996,362</u>	<u>\$ 25,131,828</u>	<u>\$ 25,738,521</u>	<u>\$ 3,876,036</u>	<u>\$ 3,971,825</u>	<u>\$ 3,985,102</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 21,359,853</u>	<u>\$ 18,965,482</u>	<u>\$ 17,216,685</u>	<u>\$ 2,536,474</u>	<u>\$ 2,179,496</u>	<u>\$ 1,914,427</u>

¹ Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability¹

Years Ended June 30
(Amounts expressed in thousands)

	GARS			JSRS		
	2016	2015	2014	2016	2015	2014
Total pension liability						
Service Cost	\$ 493	\$ 553	\$ 572	\$ 5,886	\$ 5,760	\$ 5,571
Interest	5,301	5,380	5,437	20,022	19,440	18,857
Benefit Changes					666	
Difference between actual and expected experience	798	(294)	(2,585)	(3,085)	(1,138)	(3,240)
Assumption Changes						
Benefit Payments	(6,656)	(6,660)	(6,861)	(17,191)	(16,836)	(16,684)
Net Change in Total Pension Liability	(64)	(1,021)	(3,437)	5,632	7,892	4,504
Total Pension Liability - Beginning	73,766	74,787	78,224	272,624	264,732	260,228
Total Pension Liability - Ending (a)	\$ 73,702	\$ 73,766	\$ 74,787	\$ 278,256	\$ 272,624	\$ 264,732
Plan Fiduciary Net Position						
Contributions - Employer	\$ 4,501	\$ 4,275	\$ 4,063	\$ 10,202	\$ 10,109	\$ 9,659
Contributions - Member	292	369	384	2,303	3,153	2,448
Refunds of contributions to members	(22)		(41)	(60)		
Retirement benefits	(6,625)	(6,639)	(6,799)	(16,989)	(16,832)	(16,675)
Death benefits	(9)	(21)	(20)	(143)	(4)	(10)
Net Investment Income	(266)	500	4,545	(871)	2,216	19,962
Administrative Expense	(18)	(18)	(17)	(75)	(71)	(68)
Net transfers to affiliated systems	(147)	(18)	15	(3)	286	195
Net Change in Plan Fiduciary Net Position	(2,294)	(1,552)	2,130	(5,636)	(1,143)	15,511
Plan Fiduciary Net Position - Beginning	32,482	34,034	31,904	146,353	147,496	131,985
Plan Fiduciary Net Position - Ending (b)	\$ 30,188	\$ 32,482	\$ 34,034	\$ 140,717	\$ 146,353	\$ 147,496
Net Pension Liability - Ending (a) - (b)	\$ 43,514	\$ 41,284	\$ 40,753	\$ 137,539	\$ 126,271	\$ 117,236

¹ Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability¹

Years Ended June 30
(Amounts expressed in thousands)

	SCNG		
	2016	2015	2014
Total pension liability			
Service Cost	\$ 689	\$ 690	\$ 697
Interest	4,594	4,481	4,417
Benefit Changes			
Difference between actual and expected experience	(992)	612	(262)
Assumption Changes			
Benefit Payments	(4,310)	(4,249)	(4,248)
Net Change in Total Pension Liability	(19)	1,534	604
Total Pension Liability - Beginning	63,064	61,530	60,926
Total Pension Liability - Ending (a)	<u>\$ 63,045</u>	<u>\$ 63,064</u>	<u>\$ 61,530</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,591	\$ 4,591	\$ 4,586
Contributions - Member			
Refunds of contributions to members			
Retirement benefits	(4,310)	(4,249)	(4,248)
Death benefits			
Net Investment Income	(121)	313	2,806
Administrative Expense	(12)	(11)	(10)
Net transfers to affiliated systems			
Net Change in Plan Fiduciary Net Position	148	644	3,134
Plan Fiduciary Net Position - Beginning	23,202	22,558	19,424
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,350</u>	<u>\$ 23,202</u>	<u>\$ 22,558</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 39,695</u>	<u>\$ 39,862</u>	<u>\$ 38,972</u>

¹ Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Employers' Net Pension Liability¹

(Dollar amounts expressed in thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Projected Covered Employee Payroll ²	Net Pension Liability as a Percentage of Covered Employee Payroll
SCRS						
6/30/2016	\$ 45,356,215	\$ 23,996,362	\$ 21,359,853	52.9%	\$ 7,765,588	275.1%
6/30/2015	44,097,310	25,131,828	18,965,482	57.0%	7,539,996	251.5%
6/30/2014	42,955,206	25,738,521	17,216,685	59.9%	7,434,820	231.6%
PORS						
6/30/2016	6,412,510	3,876,036	2,536,474	60.4%	1,105,703	229.4%
6/30/2015	6,151,321	3,971,825	2,179,496	64.6%	1,076,885	202.4%
6/30/2014	5,899,529	3,985,102	1,914,427	67.5%	1,033,189	185.3%
GARS						
6/30/2016	73,702	30,188	43,514	41.0%	2,338	1,861.0%
6/30/2015	73,766	32,482	41,284	44.0%	2,601	1,587.5%
6/30/2014	74,787	34,034	40,753	45.5%	2,688	1,516.2%
JSRS						
6/30/2016	278,256	140,717	137,539	50.6%	21,267	646.7%
6/30/2015	272,624	146,353	126,271	53.7%	20,815	606.6%
6/30/2014	264,732	147,496	117,236	55.7%	20,407	574.5%
SCNG						
6/30/2016	63,045	23,350	39,695	37.0%	Not Applicable ³	Not Applicable ³
6/30/2015	63,064	23,202	39,862	36.8%	Not Applicable ³	Not Applicable ³
6/30/2014	61,530	22,558	38,972	36.7%	Not Applicable ³	Not Applicable ³

¹ Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

² Projected covered employee payroll is based on the actuarial valuation associated with the measurement date and includes payroll for members earning but not yet receiving benefits.

³ The contributions and benefits associated with the SCNG are not determined as a function of payroll.

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Employers' Contributions

(Dollar amounts expressed in thousands)

	Actuarially Determined Contributions ¹	Amount of Contributions Recognized	Difference Between Actuarially Determined Contributions ² and Contributions Recognized	Projected Covered- Employee Payroll ³	Percentage of Contributions to Covered- Employee Payroll
SCRS					
6/30/2016	\$ 1,072,659	\$ 1,072,659	\$ -	\$ 7,765,588	13.8%
6/30/2015	1,022,478	1,022,478		7,539,996	13.6%
6/30/2014	962,798	962,798		7,434,820	12.9%
6/30/2013	948,157	948,157		7,356,231	12.9%
6/30/2012	824,652	824,652		7,687,558	10.7%
6/30/2011	808,343	808,343		7,769,820	10.4%
6/30/2010	818,523	818,523		7,761,808	10.5%
6/30/2009	827,502	827,502		7,559,172	10.9%
6/30/2008	774,269	774,269		7,093,181	10.9%
6/30/2007	644,350	644,350		6,733,379	9.6%
PORS					
6/30/2016	175,223	175,223		1,105,703	15.8%
6/30/2015	166,451	166,451		1,076,885	15.5%
6/30/2014	155,608	155,608		1,033,189	15.1%
6/30/2013	143,389	143,389		1,019,241	14.1%
6/30/2012	134,299	134,299		1,087,587	12.3%
6/30/2011	129,314	129,314		1,076,467	12.0%
6/30/2010	123,163	123,163		1,084,154	11.4%
6/30/2009	124,148	124,148		1,060,747	11.7%
6/30/2008	114,095	114,095		992,849	11.5%
6/30/2007	106,753	106,753		931,815	11.5%
GARS⁴					
6/30/2016	4,501	4,501		2,338	192.5%
6/30/2015	4,275	4,275		2,601	164.4%
6/30/2014	4,063	4,063		2,688	151.2%
6/30/2013	2,831	2,831		3,854	73.5%
6/30/2012	2,532	2,532		3,854	65.7%
6/30/2011	2,414	2,414		3,854	62.6%
6/30/2010	2,598	2,598		3,854	67.4%
6/30/2009	2,495	2,495		3,854	64.7%
6/30/2008	2,440	2,440		3,854	63.3%
6/30/2007	2,358	2,358		3,854	61.2%

Schedule of Employers' Contributions continued on next page

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Employers' Contributions (cont.)

(Dollar amounts expressed in thousands)

	Actuarially Determined Contributions ¹	Amount of Contributions Recognized	Difference Between Actuarially Determined Contributions ² and Contributions Recognized	Projected Covered- Employee Payroll ³	Percentage of Contributions to Covered- Employee Payroll
JSRS					
6/30/2016	\$ 10,202	\$ 10,202	\$ -	\$ 21,267	48.0%
6/30/2015	10,109	10,109		20,815	48.6%
6/30/2014	9,659	9,659		20,407	47.3%
6/30/2013	8,667	8,667		19,221	45.1%
6/30/2012	8,414	8,414		18,661	45.1%
6/30/2011	8,414	8,414		18,661	45.1%
6/30/2010	8,414	8,414		18,661	45.1%
6/30/2009	8,414	8,414		18,661	45.1%
6/30/2008	7,613	7,613		16,407	46.4%
6/30/2007	6,706	6,706		15,929	42.1%
SCNG⁵					
6/30/2016	4,570	4,591	(21)	Not Applicable	Not Applicable
6/30/2015	4,591	4,591		Not Applicable	Not Applicable
6/30/2014	4,586	4,586		Not Applicable	Not Applicable
6/30/2013	4,539	4,539		Not Applicable	Not Applicable
6/30/2012	3,937	3,937		Not Applicable	Not Applicable
6/30/2011	3,905	3,905		Not Applicable	Not Applicable
6/30/2010	3,945	3,945		Not Applicable	Not Applicable
6/30/2009	4,052	4,052		Not Applicable	Not Applicable
6/30/2008	3,923	3,923		Not Applicable	Not Applicable
6/30/2007	3,948	3,948		Not Applicable	Not Applicable

¹ The actuarially determined contribution rate for SCRS and PORS is determined in accordance with the SC State Code of Laws. The contribution rate for JSRS is based on the funding policy maintained by the SC Public Employee Benefit Authority.

² The actuarially determined contributions are based on the funding policy maintained by the SC Public Employee Benefit Authority.

³ Projected covered employee payroll is based on the actuarial valuation associated with the measurement date and includes payroll for members earning but not yet receiving benefits.

⁴ GARS was closed to new members beginning with the 2012 general election.

⁵ Benefits for members in the SCNG are not a function of pay. For years prior to June 30, 2010, the Annual Pension Cost (APC) for SCNG includes both the Annual Required Contribution (ARC) and the discounted present value of the balance of the Net Pension Obligation (NPO). For fiscal years ended June 30, 2010 forward, the APC was calculated as part of the actuarial valuation and includes in the ARC.

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Investment Returns¹

Fiscal Year Ending June 30	Annual Money Weighted Rate of Return, Net of Investment Expense
2016	(.47)%
2015	.59
2014	15.30

¹Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

The following table provides a summary of the actuarial methods and significant assumptions used in calculations of the actuarially determined contributions for each of the individual plans administered by PEBA.

Summary of Actuarial Methods and Significant Assumptions

	SCRS	PORS	GARS	JSRS	SCNG
Valuation date	07/01/15	07/01/15	07/01/15	07/01/15	07/01/15
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open	Level dollar closed
Amortization period	30 years	27 years	12 years	27 years	17 years
Asset Valuation method	20% difference recognition method	20% difference recognition method	20% difference recognition method	20% difference recognition method	20% difference recognition method
Actuarial assumptions:					
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	4.0% to 10.0% (varies by service) ¹	None	3.0% ¹	None
Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.5%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually	None	3.0%	None

¹Includes inflation at 2.75%.

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

SCRS Pension Trust Fund
Year Ended June 30, 2016

With comparative totals for the year ended June 30, 2015
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	QEBA FUND	TOTALS	TOTALS 2015
Additions						
Employee contributions						
State department employees	\$ 204,233	\$ 27,455	\$ -	\$ -	\$ 231,688	\$ 217,963
Public school employees	283,096	40,126			323,222	311,474
Other political subdivision employees	184,865	14,378			199,243	186,670
Employer contributions						
State department employees		347,783	5,400	622	353,805	336,923
Public school employees		448,353	6,429		454,782	437,166
Other political subdivision employees		260,976	3,096		264,072	248,389
Total contributions	<u>672,194</u>	<u>1,139,071</u>	<u>14,925</u>	<u>622</u>	<u>1,826,812</u>	<u>1,738,585</u>
Investment Income						
Net appreciation in fair value of investments		(277,960)	(1,385)		(279,345)	390,742
Interest and dividend income		336,242	1,671		337,913	291,619
Investment expense		(223,658)	(1,114)		(224,772)	(309,909)
Income from investing activities		<u>(165,376)</u>	<u>(828)</u>		<u>(166,204)</u>	<u>372,452</u>
From securities lending activities:						
Securities lending income		160	1		161	144
Securities lending borrower rebates		646	3		649	1,556
Net income from securities lending activities		<u>806</u>	<u>4</u>		<u>810</u>	<u>1,700</u>
Total net investment income		<u>(164,570)</u>	<u>(824)</u>		<u>(165,394)</u>	<u>374,152</u>
Supplemental retirement benefits funded by the State		434			434	507
Transfers of contributions from other Systems	177				177	7
Total additions	<u>672,371</u>	<u>974,935</u>	<u>14,101</u>	<u>622</u>	<u>1,662,029</u>	<u>2,113,251</u>
Deductions						
Refunds of contributions to members	93,694				93,694	95,104
Transfers of contributions to other Systems	722	452			1,174	1,336
Regular retirement benefits		2,472,919		622	2,473,541	2,378,317
Deferred retirement benefits		194,844			194,844	211,982
Supplemental retirement benefits		434			434	507
Death Benefits		(21)	20,680		20,659	20,144
Depreciation		269	2		271	227
Administrative expenses		12,814	64		12,878	12,327
Total deductions	<u>94,416</u>	<u>2,681,711</u>	<u>20,746</u>	<u>622</u>	<u>2,797,495</u>	<u>2,719,944</u>
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(429,338)	429,338				
Interest credited to members' accounts	244,548	(244,548)				
Net interfund transfers	<u>(184,790)</u>	<u>184,790</u>				
Net increase (decrease)	393,165	(1,521,986)	(6,645)		(1,135,466)	(606,693)
Net position restricted for Pensions						
Beginning of year	<u>7,054,277</u>	<u>17,952,972</u>	<u>124,579</u>		<u>25,131,828</u>	<u>25,738,521</u>
End of year	<u>\$7,447,442</u>	<u>\$16,430,986</u>	<u>\$117,934</u>	<u>\$ -</u>	<u>\$ 23,996,362</u>	<u>\$ 25,131,828</u>

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

PORS Pension Trust Fund
Year Ended June 30, 2016

With comparative totals for the year ended June 30, 2015
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	ACCIDENTAL DEATH FUND	QEBA FUND	TOTALS	TOTALS 2015
Additions							
Employee contributions							
State department employees	\$ 33,561	\$ 2,045	\$ -	\$ -	\$ -	\$ 35,606	\$ 34,373
Public school employees	80	8,525				8,605	368
Other political subdivision employees	70,628	349				70,977	72,113
Employer contributions							
State department employees		52,782	791	\$ 791	2	54,366	53,659
Public school employees		586	9	9		604	575
Other political subdivision employees		116,944	1,703	1,606		120,253	112,217
Total contributions	<u>104,269</u>	<u>181,231</u>	<u>2,503</u>	<u>2,406</u>	<u>2</u>	<u>290,411</u>	<u>273,305</u>
Investment Income							
Net appreciation in fair value of investments		(41,726)	(405)	(541)		(42,672)	61,552
Interest and dividend income		52,812	510	681		54,003	45,614
Investment expense		(35,296)	(343)	(457)		(36,096)	(48,726)
Income from investing activities		<u>(24,210)</u>	<u>(238)</u>	<u>(317)</u>		<u>(24,765)</u>	<u>58,440</u>
From securities lending activities:							
Securities lending income		26		-		26	22
Securities lending borrower rebates		101	1	1		103	243
Net income from securities lending activities		<u>127</u>	<u>1</u>	<u>1</u>		<u>129</u>	<u>265</u>
Total net investment income		<u>(24,083)</u>	<u>(237)</u>	<u>(316)</u>		<u>(24,636)</u>	<u>58,705</u>
Supplemental retirement benefits funded by the State		18				18	22
Transfers of contributions from other Systems	722	452				1,174	1,061
Total additions	<u>104,991</u>	<u>157,618</u>	<u>2,266</u>	<u>2,090</u>	<u>2</u>	<u>266,967</u>	<u>333,093</u>
Deductions							
Refunds of contributions to members	19,176	2				19,178	17,453
Transfers of contributions to other Systems	27					27	
Regular retirement benefits		337,926			2	337,928	323,252
Supplemental retirement benefits		18				18	22
Death Benefits		(6)	1,966			1,960	2,150
Accidental death benefits				1,590		1,590	1,555
Depreciation		36		1		37	29
Administrative expenses		1,973	19	26		2,018	1,909
Total deductions	<u>19,203</u>	<u>339,949</u>	<u>1,985</u>	<u>1,617</u>	<u>2</u>	<u>362,756</u>	<u>346,370</u>
Interfund transfers according to statutory requirements							
Contributions by members at retirement	(55,655)	55,655					
Interest credited to members' accounts	<u>32,821</u>	<u>(32,821)</u>					
Net interfund transfers	<u>(22,834)</u>	<u>22,834</u>					
Net increase (decrease)	62,954	(159,497)	281	473		(95,789)	(13,277)
Net position restricted for Pensions							
Beginning of year	905,768	2,978,028	37,699	50,330		3,971,825	3,985,102
End of year	<u>\$ 968,722</u>	<u>\$ 2,818,531</u>	<u>\$ 37,980</u>	<u>\$ 50,803</u>	<u>\$ -</u>	<u>\$ 3,876,036</u>	<u>\$ 3,971,825</u>

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

GARS Pension Trust Fund
Year Ended June 30, 2016

With comparative totals for the year ended June 30, 2015

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2015
Additions				
Contributions				
Employee contributions - State departments	\$ 292	\$ -	\$ 292	\$ 369
Employer contributions - State departments		4,501	4,501	4,275
Total contributions	<u>292</u>	<u>4,501</u>	<u>4,793</u>	<u>4,644</u>
Investment Income				
Net appreciation in fair value of investments		(422)	(422)	503
Interest and dividend income		420	420	375
Investment expense		(265)	(265)	(380)
Net income from investing activities		<u>(267)</u>	<u>(267)</u>	<u>498</u>
From securities lending activities:				
Securities lending income				
Securities lending borrower rebates		1	1	2
Net income from securities lending activities		<u>1</u>	<u>1</u>	<u>2</u>
Total net investment income		<u>(266)</u>	<u>(266)</u>	<u>500</u>
Transfers of contributions from other Systems				
Total additions	<u>292</u>	<u>4,235</u>	<u>4,527</u>	<u>5,144</u>
Deductions				
Refunds of contributions to members	22		22	
Transfers of contributions to other systems	147		147	18
Regular retirement benefits		6,625	6,625	6,639
Death benefits		9	9	21
Depreciation		1	1	1
Administrative expenses		17	17	17
Total deductions	<u>169</u>	<u>6,652</u>	<u>6,821</u>	<u>6,696</u>
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(295)	295		
Interest credited to members' accounts	211	(211)		
Net interfund transfers	<u>(84)</u>	<u>84</u>		
Net increase (decrease)	39	(2,333)	(2,294)	(1,552)
Net position Restricted for Pensions				
Beginning of year	7,295	25,187	32,482	34,034
End of year	<u>\$ 7,334</u>	<u>\$ 22,854</u>	<u>\$ 30,188</u>	<u>\$ 32,482</u>

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

JSRS Pension Trust Fund
 Year Ended June 30, 2016
 With comparative totals for the year ended June 30, 2015
 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	QEBA FUND	TOTALS	TOTALS 2015
Additions					
Contributions					
Employee contributions - State departments	\$ 2,005	\$ 298	\$ -	\$ 2,303	\$ 3,153
Employer contributions - State departments		10,070	132	10,202	10,109
Total contributions	<u>2,005</u>	<u>10,368</u>	<u>132</u>	<u>12,505</u>	<u>13,262</u>
Investment Income					
Net appreciation in fair value of investments		(1,577)		(1,577)	2,263
Interest and dividend income		2,000		2,000	1,713
Investment expense		(1,299)		(1,299)	(1,770)
Net income from investing activities		<u>(876)</u>		<u>(876)</u>	<u>2,206</u>
From securities lending activities:					
Securities lending income		1		1	1
Securities lending borrower rebates		4		4	9
Net income from securities lending activities		<u>5</u>		<u>5</u>	<u>10</u>
Total net investment income		<u>(871)</u>		<u>(871)</u>	<u>2,216</u>
Transfers of contributions from other Systems	27			27	286
Total additions	<u>2,032</u>	<u>9,497</u>	<u>132</u>	<u>11,661</u>	<u>15,764</u>
Deductions					
Refunds of contributions to members	60			60	
Transfer of contributions to other systems	30			30	
Regular retirement benefits		16,857	132	16,989	16,832
Deferred retirement benefits					-
Death benefits		143		143	4
Depreciation		1		1	1
Administrative expenses		74		74	70
Total deductions	<u>90</u>	<u>17,075</u>	<u>132</u>	<u>17,297</u>	<u>16,907</u>
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(2,408)	2,408			
Interest credited to members' accounts	898	(898)			
Net interfund transfers	<u>(1,510)</u>	<u>1,510</u>			
Net increase (decrease)	432	(6,068)		(5,636)	(1,143)
Net position restricted for Pensions					
Beginning of year	24,650	121,703		146,353	147,496
End of year	<u>\$ 25,082</u>	<u>\$ 115,635</u>	<u>\$ -</u>	<u>\$ 140,717</u>	<u>\$ 146,353</u>

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

SCNG Pension Trust Fund
Year Ended June 30, 2016

With comparative totals for the year ended June 30, 2015

(Amounts expressed in thousands)

	Totals 2016	Totals 2015
Additions		
Contributions		
State appropriated contributions	\$ 4,591	\$ 4,591
Total contributions	4,591	4,591
Investment Income		
Net appreciation in fair value of investments	(220)	332
Interest income	295	241
Investment expense	(197)	(261)
Income from investing activities	(122)	312
From securities lending activities:		
Securities lending income		
Securities lending borrower rebates	1	1
Net income from securities lending activities	1	1
Total net investment income	(121)	313
Total additions	4,470	4,904
Deductions		
Regular retirement benefits	4,310	4,249
Administrative expenses	12	11
Total deductions	4,322	4,260
Net increase	148	644
Net position restricted for Pensions		
Beginning of year	23,202	22,558
End of year	\$ 23,350	\$ 23,202

South Carolina Retirement Systems Schedule of Administrative Expenses

Year Ended June 30, 2016

(Amounts expressed in thousands)

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>SCNG</u>	<u>TOTAL</u>
Personal Services						
Salaries and Wages	\$ 7,109	\$ 1,115	\$ 9	\$ 41	\$ 6	\$ 8,280
Employee Benefits	2,463	386	3	14	2	2,868
Contractual Services						
Information Technology	634	99	1	4	1	739
Medical & Health Services	306	48		2		356
Financial Audit	155	24		1		180
Actuarial Services	271	43		2		316
Other Professional Services	844	132	1	5	1	983
Legal Services	54	8				62
Operating Expenses						
Facilities Management	274	43	1	2		320
Telephone	113	18				131
Insurance	164	26		1		191
Postage	161	25	1	1		188
Supplies	111	17	1		1	130
Other Miscellaneous Expenses	<u>219</u>	<u>34</u>		<u>1</u>	<u>1</u>	<u>255</u>
Total Administrative Expenses	<u>\$ 12,878</u>	<u>\$ 2,018</u>	<u>\$ 17</u>	<u>\$ 74</u>	<u>\$ 12</u>	<u>\$ 14,999</u>

South Carolina Retirement Systems¹

Schedule of Professional and Consultant Fees

Year Ended June 30, 2016

(Amounts expressed in thousands)

Professional / Consultant Type	Nature of Service Provided	Amounts Paid
Information Technology (IT)		
Data Network Solutions	IT Maintenance & Support	\$ 28
Hewlett Packard	IT Maintenance & Support	39
NWN Corporation	IT Services Software & License	13
OPTIV Security	IT Security Consulting Services	256
SHI International	IT Maintenance & Support	70
Software AG Inc.	IT Enterprise License & Maintenance	100
SunGard Availability Service	IT Disaster Recovery	140
Tapfin	Application Development Resources	385
Legal		
Ice Miller	IRC Consulting Services	17
Sowell Gray Stepp & Lafitte	Legal Services	45
Management		
CliftonLarsonAllen LLP	Audit	182
Gabriel Roeder Smith & Company	Actuary Services	325
Linea Solutions Inc.	Operational Consulting Services	256
Summit Strategies Inc.	Optional Retirement Plan Consultants	123
TeamIA Inc.	Imaging Maintenance/Auditing	142
University Specialty Clinic	Disability Review	68
USC Department of Internal Medicine	Disability Review	55
Vocational Rehabilitation	Disability Review	233
		\$ 2,477

¹ A Schedule of Investment Managers and Fees can be found in the Investment Section of this report.

South Carolina Retirement Systems

Schedule of Investment Fees and Expenses

Year Ended June 30, 2016

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS ¹
Short Term	\$ 2,313	\$ 371	\$ 3	\$ 13	\$ 2	\$ 2,702
Fixed Income:						
Core Fixed Income	2,845	457	3	16	3	3,324
Mixed Credit	9,074	1,458	11	53	8	10,604
Global Fixed Income	44	7				51
Emerging Market Debt	3,257	523	4	19	3	3,806
Global Public Equity	19,765	3,169	24	115	17	23,090
Infrastructure	35	5				40
Global Tactical Asset Allocation	8,866	1,424	10	51	8	10,359
Alternatives:						
Hedge Funds (Low Beta)	58,652	9,439	68	339	52	68,550
Private Debt	25,383	4,085	30	147	22	29,667
Private Equity	32,285	5,195	38	187	28	37,733
Real Estate	36,604	5,890	43	212	32	42,781
Strategic Partnerships ²	11,392	1,833	13	66	10	13,314
Beta Overlay	778	125	1	4	1	909
Total Investment Manager Fees	<u>211,293</u>	<u>33,981</u>	<u>248</u>	<u>1,222</u>	<u>186</u>	<u>246,930</u>
Bank Fees and Investment Expenses ³	<u>13,479</u>	<u>2,115</u>	<u>17</u>	<u>77</u>	<u>11</u>	<u>15,699</u>
Total Investment Expenses	<u>224,772</u>	<u>36,096</u>	<u>265</u>	<u>1,299</u>	<u>197</u>	<u>262,629</u>
Securities Lending Expenses:						
Borrower Rebates	\$ (649)	\$ (103)	\$ (1)	\$ (4)	\$ (1)	\$ (758)
Total Securities Lending Expenses	<u>\$ (649)</u>	<u>\$ (103)</u>	<u>\$ (1)</u>	<u>\$ (4)</u>	<u>\$ (1)</u>	<u>\$ (758)</u>

¹ All investment manager fees, whether directly invoiced (\$36,535) or deducted from the fund on a net basis (\$210,395) are classified and reported as Investment Expense. Investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), other expenses such as organizational expenses in limited partnership structures as well as offsets which may have the effect of reducing the total.

² Represents management and other fees at the Strategic Partnership level, not fees at the underlying investment level included in each applicable asset class.

³ Includes miscellaneous investment expenses, commissions on futures, bank fees and RSIC administrative expenses.

Investment Section





August 29, 2016

The Honorable Nikki Haley, Governor
State Fiscal Accountability Authority
Members of the General Assembly of South Carolina

RE: FYE 2016 Report

Dear Governor and Members:

As the investment consultant for the Retirement System Investment Commission (RSIC), Aon Hewitt Investment Consulting (AHIC) is pleased to submit this summary of the investment structure and performance of the South Carolina Retirement System (SCRS) investment portfolio for the fiscal year ended (FYE) June 30, 2016.

The 2015-16 fiscal year was once again marked by the continued outperformance of U.S. equities. Central bank activity continued to drive investor sentiment and market returns. Equity markets were quite volatile during the period, experiencing three sharp downturns, but rebounding quickly each time. The first downturn occurred in August 2015 following an unexpected decision by the Bank of China to devalue its currency. The next decline occurred in January 2016 when concerns over slowing global growth led risk markets to retreat. The most recent drawdown occurred in June 2016 following the British vote in support of exit from the European Union. Continued accommodative monetary policy by the Europe Central Bank and the Bank of Japan, along with expectations that the U.S. Federal Reserve would further delay its policy rate hikes, helped to fuel positive investor sentiment for much of the second half of the fiscal year.

Throughout the fiscal year, the Commission and its staff worked hard to further several long-term initiatives, including:

- Reviewing asset allocation and adopting a new long-term asset allocation policy in February with the objective of enhancing expected portfolio return and mitigating risk
- Refining investment strategy to lower costs, where possible

During the fiscal year ending June 30, 2016 the SCRS investment portfolio returned -0.4% on a net-of-fee basis. This return trailed that of the Policy Index by 1.2 percentage points. Over the trailing three- and five-year periods ending June 30, 2016, the SCRS portfolio returns were 5.3% and 5.2%, respectively, which exceeded the returns of the Policy Index. All returns are reported on a time-weighted return basis.

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Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company

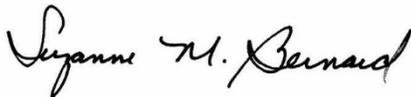
As of June 30, 2016, the SCRS investment portfolio totaled \$28.0 billion. This represented a decrease of \$1.2 billion from its value on June 30, 2015 due to net outflows of \$1.1 billion and investment losses of \$0.2 billion. The portfolio's asset allocation at fiscal year-end was as follows:

Global Public Equity	31.7%
GTAA ¹ /Risk Parity	9.8
Private Equity	9.4
Low Beta Hedge Funds	9.3
Core Fixed Income	8.3
Real Estate	7.1
Mixed Credit	6.5
Private Debt	6.1
Emerging Markets Debt	5.6
Commodities	3.2
Cash and Short Duration (net of overlays)	2.0
Infrastructure	1.0
Total	100.0%

The investment portfolios June 30, 2016 asset allocation was within statutory limits and was consistent with the targets and ranges set forth in the Annual Investment Plan and in the Statement of Investment Objectives and Policy. AHIC will continue to work with the RSIC to monitor the structure and portfolio in an effort to optimize the portfolio's risk/return profile.

We at AHIC are honored to serve as the investment consultant to the RSIC. We look forward to working with the Commissioners and Investment Staff to further enhance the investment portfolio's ability to meet its obligations.

Sincerely,



Suzanne M. Bernard, CFA, CAIA
Partner
Aon Hewitt Investment Consulting

¹ Global Tactical Asset Allocation

The investment performance information provided in the Investment Section of the *Comprehensive Annual Financial Report* is provided by the Systems' custodian, BNY Mellon, and is independently calculated using a time weighted rate of return.

South Carolina Retirement System Summary of Investment Growth

(Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	Fair Value % Increase/Decrease for Year	Net Income (Loss) from Investments	Net Income (Loss) % Increase/Decrease for Year
2016	\$ 24,576,968	(4.39%)	\$ (166,204)	(144.62%)
2015	25,707,561	0.65%	372,452	(89.41%)
2014	25,540,648	7.48%	3,515,834	59.84%
2013	23,762,666	7.50%	2,199,550	1,934.60%
2012	22,105,265	(4.85%)	108,107	(96.99%)
2011	23,232,653	17.26%	3,596,902	37.67%
2010	19,812,203	8.62%	2,612,663	154.95%
2009	18,240,380	(21.05%)	(4,754,668)	(641.53%)
2008	23,103,046	(6.77%)	(641,196)	(121.38%)
2007	24,779,857	8.97%	2,999,209	164.33%

Police Officers Retirement System Summary of Investment Growth

(Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	Fair Value % Increase/Decrease for Year	Net Income (Loss) from Investments	Net Income (Loss) % Increase/Decrease for Year
2016	\$ 3,959,326	(2.31%)	\$ (24,765)	(142.38%)
2015	4,052,870	2.69%	58,440	(89.14%)
2014	3,946,522	9.44%	538,157	63.05%
2013	3,606,143	9.29%	330,061	1,839.14%
2012	3,299,647	(2.58%)	17,021	(96.72%)
2011	3,386,895	19.93%	519,363	43.25%
2010	2,824,156	11.33%	362,566	156.79%
2009	2,536,671	(18.18%)	(638,389)	(647.40%)
2008	3,100,417	(4.83%)	(85,415)	(122.80%)
2007	3,257,632	11.66%	374,623	167.99%

¹ Fair Value also includes investment categories classified as cash equivalents for financial statement purposes. Investments made with cash collateral received in the securities lending program are excluded.

General Assembly Retirement System Summary of Investment Growth

(Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	Fair Value % Increase/Decrease for Year	Net Income (Loss) from Investments	Net Income (Loss) % Increase/Decrease for Year
2016	\$ 30,845	(6.89%)	\$ (267)	(153.61%)
2015	33,129	(1.61%)	498	(89.04%)
2014	33,671	3.56%	4,543	45.75%
2013	32,515	2.11%	3,117	1,733.53%
2012	31,843	(10.27%)	170	(97.01%)
2011	35,488	8.65%	5,680	22.36%
2010	32,662	2.79%	4,642	149.34%
2009	31,777	(27.02%)	(9,409)	(728.26%)
2008	43,544	(9.27%)	(1,136)	(119.09%)
2007	47,992	5.98%	5,950	185.23%

Judges and Solicitors Retirement System Summary of Investment Growth

(Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	Fair Value % Increase/Decrease for Year	Net Income (Loss) from Investments	Net Income (Loss) % Increase/Decrease for Year
2016	\$ 143,863	(3.62%)	\$ (876)	(139.71%)
2015	149,265	2.20%	2,206	(88.94%)
2014	146,095	8.25%	19,954	58.03%
2013	134,963	7.75%	12,627	1,527.19%
2012	125,255	(3.91%)	776	(96.14%)
2011	130,357	17.65%	20,086	37.14%
2010	110,798	9.44%	14,646	154.77%
2009	101,244	(19.64%)	(26,741)	(693.27%)
2008	125,987	(7.00%)	(3,371)	(121.05%)
2007	135,482	10.93%	16,017	178.00%

¹ Fair Value also includes investment categories classified as cash equivalents for financial statement purposes. Investments made with cash collateral received in the securities lending program are excluded.

South Carolina National Guard Supplemental Retirement Plan Summary of Investment Growth

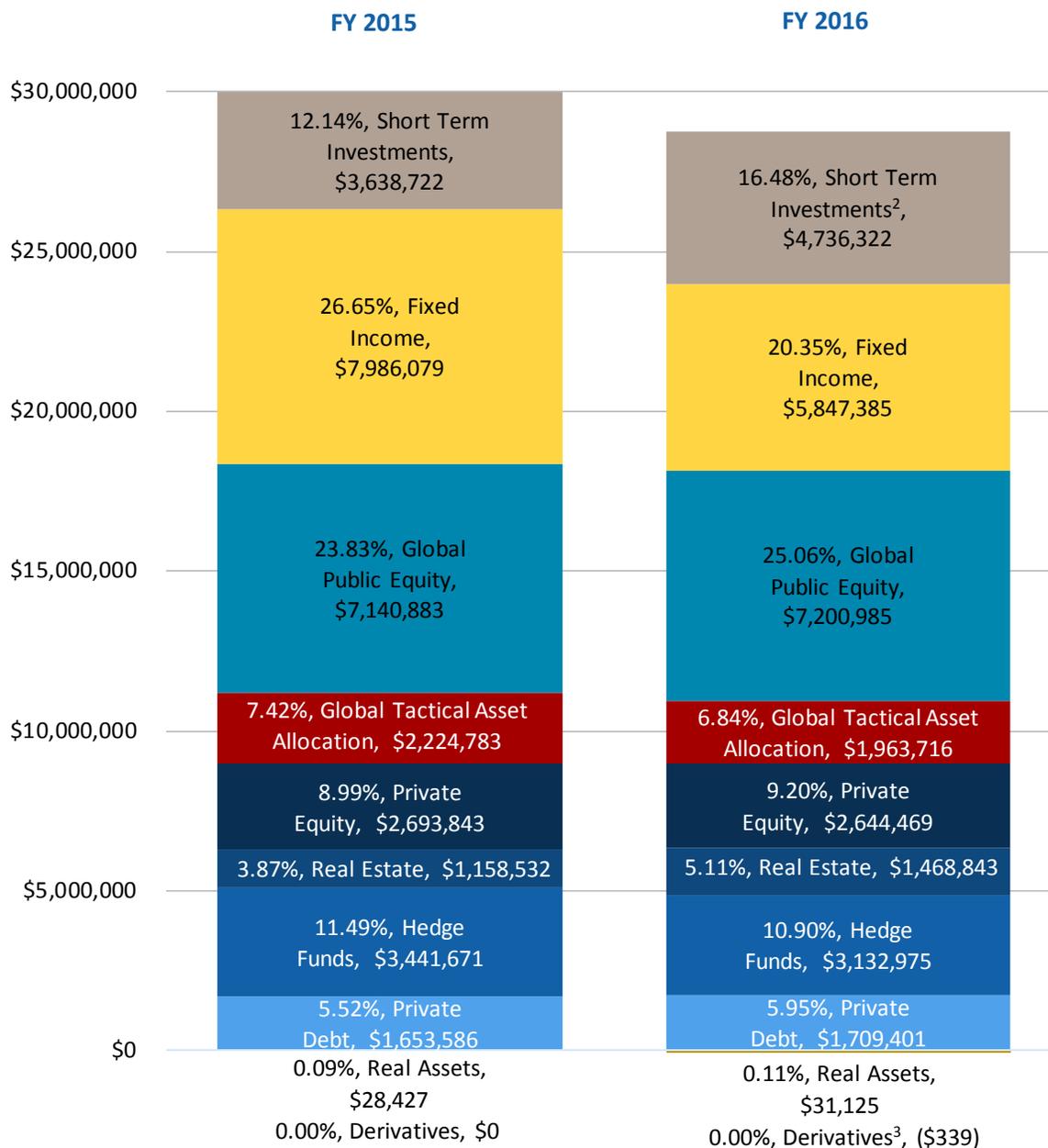
(Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	Fair Value % Increase/Decrease for Year	Net Income (Loss) from Investments	Net Income (Loss) % Increase/Decrease for Year
2016	\$ 23,880	0.75%	\$ (122)	(139.10%)
2015	23,701	5.73%	312	(88.87%)
2014	22,417	12.63%	2,805	67.46%
2013	19,904	12.69%	1,675	1,701.08%
2012	17,662	(1.13%)	93	(96.33%)
2011	17,864	19.04%	2,531	35.71%
2010	15,007	16.25%	1,865	146.39%
2009	12,909	(17.39%)	(4,020)	(1,055.17%)
2008	15,627	(0.55%)	(348)	(117.38%)
2007	15,714	23.83%	2,002	2,149.44%

¹ Fair Value also includes investment categories classified as cash equivalents for financial statement purposes. Investments made with cash collateral received in the securities lending program are excluded.

South Carolina Retirement Systems Schedule of Investment Allocation¹

Fair Value of Investments as of June 30, 2016
(Dollar amounts in thousands)



¹Data provided in this chart is derived from the Statement of Fiduciary Net Position and for financial statement purposes, allocations are made based on the manager's style. Actual underlying holdings would result in a different allocation.

²Short-term investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes. The short-term total includes cash of \$633,594 (in thousands). Investments made with cash collateral received in the securities lending program are excluded.

³For accounting purposes, derivatives such as futures, options and swaps are reflected in the asset class to which they pertain.

South Carolina Retirement System

Summary of Fair Value of Investments¹

(Amounts expressed in thousands)

	Fair Value		% of Fair Value at 06/30/16
	06/30/2015	06/30/2016	
Short-Term Investments	\$ 3,111,836	\$ 4,043,392	16.45%
Debt:			
Fixed Income	6,854,019	5,003,122	20.35%
Public Equity:			
Global Public Equity	6,128,632	6,161,285	25.07%
Global Tactical Asset Allocation	1,909,410	1,680,189	6.84%
Alternatives:			
Hedge Funds	3,023,365	2,680,626	10.91%
Private Debt	1,411,397	1,462,592	5.95%
Private Equity	2,276,322	2,262,653	9.21%
Real Estate	992,580	1,283,398	5.22%
Swaps - Commodities		(289)	0.00%
Total Investments	<u>\$ 25,707,561</u>	<u>\$ 24,576,968</u>	<u>100.00%</u>

¹Fair Value excludes investments made with cash collateral received in the securities lending program. Assets of the Systems are pooled for investment purposes; however, percentages vary slightly between systems due to cash flow differences, which primarily impact the short-term investment category.

Police Officers Retirement System

Summary of Fair Value of Investments¹

(Amounts expressed in thousands)

	Fair Value		% of Fair Value at 06/30/16
	06/30/2015	06/30/2016	
Short-Term Investments	\$ 496,462	\$ 654,996	16.54%
Debt:			
Fixed Income	1,078,774	805,119	20.33%
Public Equity:			
Global Public Equity	964,604	991,494	25.04%
Global Tactical Asset Allocation	300,528	270,382	6.83%
Alternatives:			
Hedge Funds	475,856	431,375	10.90%
Private Debt	222,144	235,365	5.94%
Private Equity	358,277	364,113	9.20%
Real Estate	156,225	206,528	5.22%
Swaps - Commodities		(46)	0.00%
Total Investments	<u>\$ 4,052,870</u>	<u>\$ 3,959,326</u>	<u>100.00%</u>

¹Fair Value excludes investments made with cash collateral received in the securities lending program. Assets of the Systems are pooled for investment purposes; however, percentages vary slightly between systems due to cash flow differences, which primarily impact the short-term investment category.

General Assembly Retirement System Summary of Fair Value of Investments¹

(Amounts expressed in thousands)

	Fair Value		% of Fair Value at 06/30/16
	06/30/2015	06/30/2016	
Short-Term Investments	\$ 5,491	\$ 6,901	22.38%
Debt:			
Fixed Income	8,383	5,834	18.91%
Public Equity:			
Global Public Equity	7,496	7,185	23.30%
Global Tactical Asset Allocation	2,336	1,959	6.35%
Alternatives:			
Hedge Funds	3,698	3,126	10.13%
Private Debt	1,727	1,706	5.53%
Private Equity	2,784	2,638	8.55%
Real Estate	1,214	1,497	4.85%
Swaps - Commodities		(1)	0.00%
Total Investments	<u>\$ 33,129</u>	<u>\$ 30,845</u>	<u>100.00%</u>

¹Fair Value excludes investments made with cash collateral received in the securities lending program. Assets of the Systems are pooled for investment purposes; however, percentages vary slightly between systems due to cash flow differences, which primarily impact the short-term investment category.

Judges and Solicitors Retirement System Summary of Fair Value of Investments¹

(Amounts expressed in thousands)

	Fair Value		% of Fair Value at 06/30/16
	06/30/2015	06/30/2016	
Short-Term Investments	\$ 20,315	\$ 25,229	17.54%
Debt:			
Fixed Income	39,115	28,906	20.09%
Public Equity:			
Global Public Equity	34,975	35,597	24.74%
Global Tactical Asset Allocation	10,896	9,707	6.75%
Alternatives:			
Hedge Funds	17,254	15,488	10.77%
Private Debt	8,055	8,450	5.87%
Private Equity	12,991	13,073	9.09%
Real Estate	5,664	7,415	5.15%
Swaps - Commodities		(2)	0.00%
Total Investments	<u>\$ 149,265</u>	<u>\$ 143,863</u>	<u>100.00%</u>

¹Fair Value excludes investments made with cash collateral received in the securities lending program. Assets of the Systems are pooled for investment purposes; however, percentages vary slightly between systems due to cash flow differences, which primarily impact the short-term investment category.

South Carolina National Guard Supplemental Retirement Plan Summary of Fair Value of Investments¹

(Amounts expressed in thousands)

	Fair Value		% of Fair Value at 06/30/16
	06/30/2015	06/30/2016	
Short-Term Investments	\$ 4,618	\$ 5,804	24.31%
Debt:			
Fixed Income	5,788	4,404	18.44%
Public Equity:			
Global Public Equity	5,176	5,424	22.72%
Global Tactical Asset Allocation	1,613	1,479	6.19%
Alternatives:			
Hedge Funds	2,553	2,360	9.88%
Private Debt	1,192	1,288	5.39%
Private Equity	1,923	1,992	8.34%
Real Estate	838	1,130	4.73%
Swaps - Commodities		(1)	0.00%
Total Investments	<u>\$ 23,701</u>	<u>\$ 23,880</u>	<u>100.00%</u>

¹Fair Value excludes investments made with cash collateral received in the securities lending program. Assets of the Systems are pooled for investment purposes; however, percentages vary slightly between systems due to cash flow differences, which primarily impact the short-term investment category.

South Carolina Retirement Systems

List of Largest Assets Held

As of June 30, 2016

SCRS held units in the following index funds:

Units	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
63,888,993	Blackrock MSCI World Index	\$ 854,399,653	\$137,492,737	\$ 996,313	\$ 4,936,329	\$ 752,137	\$ 998,577,169
22,586,424	Daily MSCI USA Index NL Fund	533,340,439	85,826,857	621,927	3,081,396	469,505	623,340,124
5,024,601	MSCI EAFE Index NL Fund (FD12)	324,666,328	52,246,348	378,592	1,875,773	285,807	379,452,848
463,573	MSCI CAD Index NL Fund (CA-12)	31,189,093	5,019,049	36,370	180,196	27,456	36,452,164
Total							\$ 2,037,822,305

Top Ten Equity Holdings

Units	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
194,728	Simon Property Group Inc	\$ 36,138,272	\$ 5,815,487	\$ 42,141	\$ 208,790	\$ 31,813	\$ 42,236,503
340,513	Apple Inc	27,852,940	4,482,184	32,479	160,921	24,519	32,553,043
1,947,352	National Grid PLC	24,411,860	3,928,435	28,467	141,041	21,490	28,531,293
107,743	Public Storage	23,562,011	3,791,674	27,476	136,130	20,742	27,538,033
344,059	Welltower Inc	22,423,133	3,608,403	26,148	129,551	19,739	26,206,974
35,858	Amazon.com Inc	21,955,734	3,533,187	25,603	126,850	19,328	25,660,702
354,659	Altria Group Inc	20,926,071	3,367,490	24,402	120,901	18,421	24,457,285
190,966	American Tower Corp	18,563,167	2,987,244	21,646	107,249	16,341	21,695,647
55,471	Equinix Inc	18,402,415	2,961,376	21,459	106,321	16,200	21,507,771
1,145,466	Kinder Morgan Inc/DE	18,347,103	2,952,475	21,394	106,001	16,151	21,443,124
Total							\$ 271,830,375

Top Ten Fixed Income Holdings

Par Value	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
\$ 722,934	iShares JP Morgan USD Emerging Market Bond ETF	\$ 71,226,569	\$ 11,462,008	\$ 83,057	\$ 411,514	\$ 62,702	\$ 83,245,850
1,842,692	iShares Emerging Markets Local Currency Bond ETF	70,775,312	11,389,390	82,531	408,907	62,304	82,718,444
64,000,000	US Treasury Bond 2.50% due 02/15/2045	57,011,749	9,174,514	66,481	329,388	50,188	66,632,320
62,000,000	Commit to Purchase FNMA 4.00% due 08/01/2046	56,826,354	9,144,679	66,265	328,317	50,025	66,415,640
40,200,000	US Treasury Bond 2.75% due 11/15/2042	37,838,138	6,089,035	44,123	218,611	33,309	44,223,216
43,000,000	US Treasury Note 1.00% due 09/15/2017	36,985,424	5,951,813	43,129	213,685	32,559	43,226,610
36,000,000	Commit To Purchase FNMA 3.00% due 08/01/2046	31,908,013	5,134,740	37,208	184,350	28,089	37,292,400
35,000,000	Federal Farm Credit Bank 1.17% due 05/16/2019	29,990,319	4,826,138	34,972	173,270	26,401	35,051,100
34,556,907	US Treasury - CPI Inflation 0.125% due 07/15/2024	29,864,632	4,805,913	34,825	172,544	26,290	34,904,204
33,000,000	Commit to Purchase FNMA 3.50% due 08/01/2046	29,757,531	4,788,678	34,700	171,925	26,196	34,779,030
Total							\$ 528,488,814

Note: A complete list of portfolio holdings is available upon request.

South Carolina Retirement Systems Schedule of Investment Results Combined Investment Portfolio

Schedule of Investments	FYE 2016	3 Years	5 Years
South Carolina Plan Return (Net of Fees)¹	-0.39%	5.28%	5.19%
South Carolina Policy Benchmark²	<i>0.82%</i>	<i>5.25%</i>	<i>4.86%</i>
Global Public Equity³	-4.85%	5.87%	4.94%
<i>MSCI All-Country World Index Net</i>	<i>-3.73%</i>	<i>6.03%</i>	<i>5.38%</i>
HF (Low Beta)	-4.94%	5.36%	N/A
<i>HFRI Fund weighted Composite Index</i>	<i>-2.39%</i>	<i>2.90%</i>	<i>N/A</i>
Private Equity	3.64%	11.43%	11.05%
<i>80% Russell 3000 / 20% MSCI EAFE + 300 Bps on a 3-month lag</i>	<i>1.05%</i>	<i>12.36%</i>	<i>12.27%</i>
Core Fixed Income	5.47%	3.83%	3.81%
<i>Barclays US Aggregate Bond Index</i>	<i>6.00%</i>	<i>4.06%</i>	<i>3.76%</i>
GTAA³	0.74%	4.01%	5.11%
<i>50% MSCI World / 50% S&P/Citi WGBI</i>	<i>4.34%</i>	<i>4.96%</i>	<i>4.10%</i>
Mixed Credit	-2.67%	1.65%	2.91%
<i>1/3 Barclays U.S. High Yield - 2% Issuer Cap, 1/3 S&P/LSTA Leveraged Loan and 1/3 Barclays MBS Indices</i>	<i>2.37%</i>	<i>3.61%</i>	<i>4.25%</i>
Private Debt	-1.23%	6.03%	6.97%
<i>S&P/LSTA Leveraged Loan + 150 Bps on a 3-month lag</i>	<i>0.25%</i>	<i>3.35%</i>	<i>4.74%</i>
Emerging Markets Debt³	7.74%	2.13%	1.78%
<i>50% JPM EMBI USD / 50% JPM GBIEM Local</i>	<i>5.97%</i>	<i>1.76%</i>	<i>2.10%</i>
Real Estate³	14.21%	17.85%	16.16%
<i>NCREIF ODCE + 75 Bps</i>	<i>14.42%</i>	<i>14.38%</i>	<i>14.01%</i>
Commodities³	-10.66%	-9.59%	-11.89%
<i>Bloomberg Commodity Index Total Return</i>	<i>-13.32%</i>	<i>-10.55%</i>	<i>-10.82%</i>
Short Duration	1.90%	1.57%	1.61%
<i>Barclays 1-3 Year Government/Credit Index</i>	<i>1.59%</i>	<i>1.22%</i>	<i>1.10%</i>
Infrastructure	N/A	N/A	N/A
<i>Dow Jones Brookfield Global Infrastructure Net Index</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Internal Cash⁴	0.19%	0.09%	0.09%
<i>Merrill Lynch 3-Month T-Bill</i>	<i>0.19%</i>	<i>0.09%</i>	<i>0.09%</i>

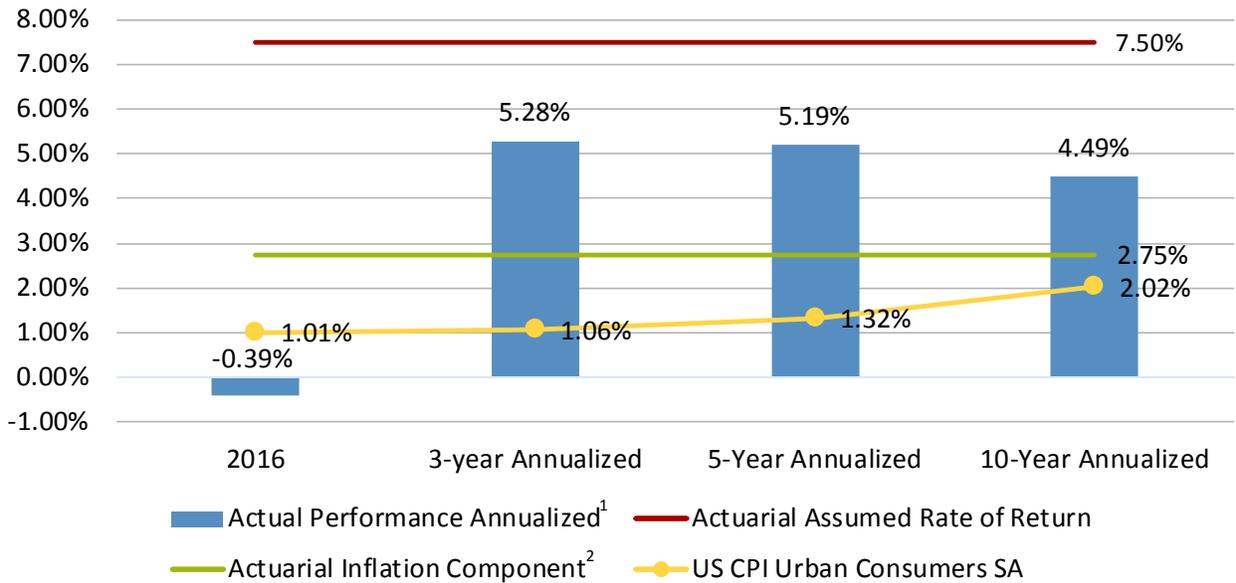
¹ Plan returns are from BNY Mellon and are time-weighted, total return calculations, net of fees and expenses. All returns are expressed in U.S. Dollars. Periods greater than one year are annualized.

² The South Carolina Policy Benchmark is set annually by the RSIC and has changed over time. The presented returns are a blend of these past policies.

³ Returns generated from synthetic exposure through the Overlay Program are blended into the asset class segment returns.

⁴ Cash returns are estimated using the Merrill Lynch 3-Month T-Bill.

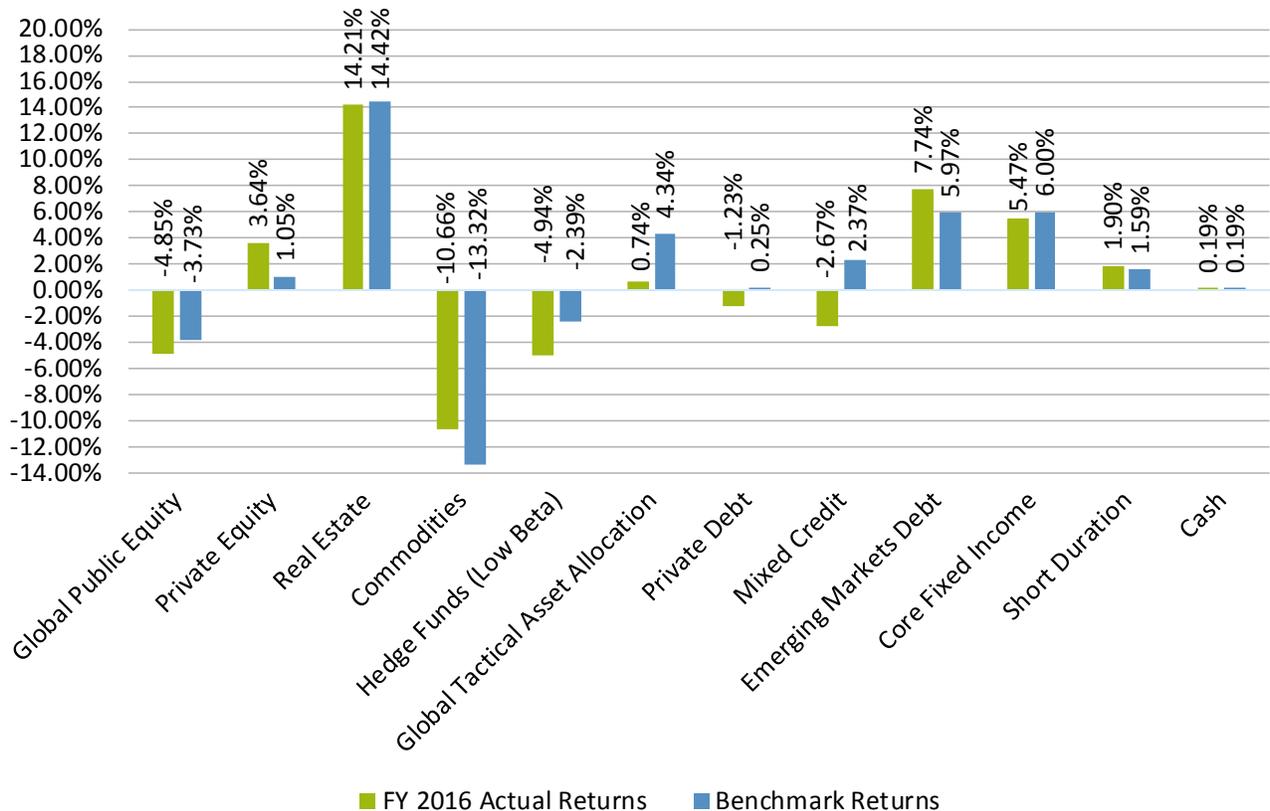
South Carolina Retirement Systems Investment Performance Summary



¹Plan returns are from BNY Mellon and are time-weighted, total return calculations, net of fees and expenses. All returns are expressed in U.S. Dollars. Periods greater than one year are annualized.

²The actuarial assumed rate of return is 7.50 percent starting with returns after July 1, 2011, and is composed of an assumed 2.75 percent inflation rate and a 4.75 percent real rate of return, net of investment and administrative expenses.

Fiscal Year 2016 Investment Performance by Market Segment



South Carolina Retirement Systems

Schedule of Investment Fees and Commissions

For the Year Ended June 30, 2016

	Fair Value of Assets Under Management at June 30, 2016 ¹	Reported Fees ²
Investment Managers' Fees	\$ 28,734,882,225	\$ 246,929,882
Other Investment Service Fees		
Bank Fees and Investment Expenses		15,699,023
		\$ 262,628,905

Brokerage Firm	Number of Shares Traded	Commissions ³	Average Commissions per Share
Goldman Sachs & Co.	18,846,938	\$ 1,218,550	0.0647
Pershing LLC	769,597,626	465,568	0.0006
Deutsche Bank Securities Inc.	19,771,975	245,889	0.0124
Credit Suisse	98,140,178	217,193	0.0022
Merrill Lynch Pierce Fenner Smith Inc.	12,420,133	168,445	0.0136
UBS Securities LLC	5,879,411	152,970	0.0260
Citigroup Global Markets Ltd.	14,410,711	87,400	0.0061
BNY Convergenx	1,784,849	68,062	0.0381
Liquidnet Inc.	2,228,274	62,795	0.0282
Jefferies & Co. Inc.	3,124,683	58,537	0.0187
Knight Equity Markets LP	1,357,800	56,406	0.0415
HSBC Bank PLC	36,002,934	52,986	0.0015
Instinet Europe	9,377,356	52,169	0.0056
SG Securities	2,355,420	50,653	0.0215
All others ⁴	101,620,658	1,301,696	0.0128
	1,096,918,946	\$ 4,259,319	0.0039

¹ Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

² A portion of investment expenses are directly invoiced by the manager; however, a significant number of investment managers provide account valuations on a net of fee basis. The RSIC makes a good faith attempt to account for fees that are not necessarily readily separable. Conifer Financial Services, administrator for the RSIC, provides support to the RSIC for the collection, aggregation and reasonability testing so that the RSIC can provide the Retirement Division of PEBA with investment fees and expenses that would not be disclosed otherwise. These amounts include management fees, performance fees (carried interest) and other expenses such as organizational expenses in limited partnership structures.

³ Commissions paid to brokers are considered a part of the investment asset cost and are therefore not reported as expenses of the System.

⁴ Other brokers include 113 additional brokers each receiving less than \$50,000 in total commissions.

South Carolina Retirement Systems

Schedule of Investment Managers and Fees

For the Year Ended June 30, 2016

(Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets Under Management at 6/30/2016 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
Short Duration							
	Apollo Partnership Short Duration	\$ 295,666		\$ 682		\$ 433	\$ 1,115
	Goldman Sachs Partnership Short Duration	185,895					
	Penn Limited Term HY	429,496	1,587				1,587
Fixed Income							
Core Fixed Income							
	Blackrock Financial Management, Inc.	1,567	1,144				1,144
	Loomis Sayles Securitized	281,761	491				491
	Loomis Sayles Investment Grade Credit	275,885	507				507
	Pacific Investment Management Co ³	1,175,749	1,182				1,182
Mixed Credit							
	Apollo Partnership Mixed Credit ⁴	15,347		327		545	872
	Caspian SC Holdings LP ⁴	206,216		1,828	(1,884)		(56)
	Goldentree Structured Credit	283,558	823				823
	GSO Partnership Mixed Credit ⁴	91,277		1,274	(618)	440	1,096
	Grosvenor Partnership Mixed Credit ⁴	78,646		1,087		90	1,177
	Guggenheim	494,973	1,775				1,775
	Lighthouse Partnership Mixed Credit ⁴	94,379		1,689		412	2,101
	Loomis Sayles HY	212,991	1,023				1,023
	Penn HY	1,948	654				654
	Pinebridge	362,204	1,139				1,139
Global Fixed Income							
Global Fixed Income							
	Loomis Sayles GFI		51				51
Emerging Market Debt							
	Ashmore External Debt	325,935	729				729
	Goldman Sachs Partnership Emerging Market Debt	272,749		1,058		149	1,207
	GMO Emerging Country Debt	298,546					
	Mondrian Investment Group, Inc.	220,258	1,013				1,013
	Russell EMD Transition		281				281
	Russell EMD Transition Local	(63)	58				58
	Wellington Emerging Local Debt	277,417	518				518
Global Public Equity							
	Aberdeen	229,810	1,718				1,718
	AQR	650,825	1,623				1,623
	Blackrock Global Equity	998,577	384				384
	D. E. Shaw World Enhanced	673,297	2,218				2,218
	Intech	679,713	1,454				1,454
	Integrity Small V	318,375	1,750				1,750
	Johnston Fund	(8)					

Continued on page 111

South Carolina Retirement Systems

Schedule of Investment Managers and Fees (cont.)

For the Year Ended June 30, 2016

(Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets Under Management at 6/30/2016 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	Lighthouse - Pentwater MAP 98 ⁴	96,539		2,067	(1,669)	324	722
	Lighthouse Partnership Developed International Equity	407,384		2,414		240	2,654
	LSV Asset Management	211,420		2,179			2,179
	Pyramis Small C	300,982	1,781				1,781
	Russell Options	1,102,006	9				9
	Russell Global Equity Transition	15					
	Schroders	222,035	1,657				1,657
	State Street Global Equity	1,039,245	152				152
	TimesSquare SMID G	423,328	3,262				3,262
	William Blair	237,092	1,527				1,527
Global Tactical Asset Allocation							
	Bridgewater Associates, Inc.	1,014,965		2,812		425	3,237
	Entrust Partnership Global Tactical Asset Allocation	247,738					
	Grantham, Mayo, Van Otterloo & Co. LLC	701,013	4,673	2,449			7,122
Infrastructure							
	Deutsche Infrastructure	280,207	40				40
Alternatives:							
Hedge Funds (Global Public Equity, Low Beta, Mixed Credit)							
	Blackstone SAF II	124,302		1,235			1,235
	Bridgewater Associates, Inc.	377,713		10,072		413	10,485
	Bridgewater Associates, Inc.	91,730		2,325		120	2,445
	DE Shaw - DE Shaw Composite	425,448		10,392	10,742		21,134
	GAM PA	8,849				15	15
	Goldman Sachs Partnership Hedge Funds	30,855		461		315	776
	Grosvenor Partnership Hedge Funds	106,511		939	168	156	1,263
	Lighthouse Partnership Hedge Funds	1,274,924		18,565	10,050	2,951	31,566
	Morgan Stanley Partnership Hedge Funds	86,935		697	(2,366)	166	(1,503)
	Reservoir Strategic Partners Fund L.P.	43,828		932		202	1,134
Private Debt							
	Angelo Gordon VI	5,655		112	(870)	31	(727)
	Apollo Partnership Private Debt	146,346		1,272	4,254	1,009	6,535
	Avenue Europe I (Parallel II)	1,443			23	70	93
	Avenue Europe II	39,863		549	(567)	151	133
	Avenue Spec VI	49,115		265	168	219	652
	Crescent Mezz V	18,920		396	268		664
	Crescent Mezz VI	81,771		1,101	1,402	391	2,894
	DE Shaw Direct Capital	16,538		133			133
	Gateway Energy	21,920		22	(50)	378	350
	Goldman Sachs Mezz V	8,597		708	(20)		688
	Goldman Sachs Partnership Private Debt	134,308		1,219	1,466	455	3,140
	Golub PEARLS	85,112		754	484	239	1,477
	GSO Partnership Private Debt	651,900		6,199	(8,767)	3,483	915
	Highbridge Sandlapper Credit	24,357		14		257	271

Continued on page 112

South Carolina Retirement Systems

Schedule of Investment Managers and Fees (cont.)

For the Year Ended June 30, 2016

(Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets Under Management at 6/30/2016 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	KKR Lending Partners II	44,400			1,026	2,669	3,695
	KKR Special Situations Fund II	21,855		559		254	813
	Morgan Stanley Partnership Private Debt	30,894		391	36	145	572
	Northstar Mezz V	21,235		408		24	432
	Sankaty COP IV	30,558		690	(220)	55	525
	Sankaty COP V	44,346		291	(239)	34	86
	Selene I	918			41	559	600
	Selene II	75,940		754	1,218	1,460	3,432
	SJC Direct Lending II	33,977		61	878	67	1,006
	WL Ross - WLR Whole Loans	44,700		258	899	131	1,288
	WL Ross Partnership Private Debt	74,733					
Private Equity							
	Advent - Advent International GPE VII	44,899		645	1,381		2,026
	Apax Europe VIII	63,735		786	1,771	435	2,992
	Apollo Partnership Private Equity	343,504		2,974	(1,671)	2,709	4,012
	Aquiline Financial Services I	47,115		392	(1,104)		(712)
	Aquiline Financial Services II	119,647		1,315	(1,889)		(574)
	Azalea IV	5,647		336			336
	Azalea Co-Investment	4					
	BC European Cap IX	22,604		341	1,062	1	1,404
	Bridgepoint Europe IV	36,189		378		130	508
	Bridgepoint Europe V	17,815		709		217	926
	Brookfield Capital IV	31,571		1,797	876	(567)	2,106
	Carousel Capital III	5,623			492		492
	Carousel Capital IV	29,797		309	2,373		2,682
	CD&R VIII	67,570			4,612		4,612
	Crestview III	14,708		98		466	564
	Goldman Sachs Partnership Private Equity	50,302		670	1,162	(3)	1,829
	Industry Ventures V	34,693		130	955		1,085
	Industry Ventures VI	26,979		301	29		330
	Industry Ventures VII	28,474		437	462	124	1,023
	Lexington Capital VII	49,667		639	249	101	989
	Lexington Middle Market II	31,686		232	400	31	663
	Morgan Stanley Partnership Private Equity	262,853		2,174	(6,842)	680	(3,988)
	Oaktree EOF III	40,611		615	329		944
	Pacific Equity Partners V	7,604		2,838		694	3,532
	Pantheon Europe V	31,032		467		4	471
	Pantheon USA VII	88,578		937		5	942
	Paul Capital IX	23,158		738			738
	Reservoir Capital Partners (Cayman) L.P.	59,846		436	1,594	48	2,078
	Square 1 Venture 1	29,016		489	(265)	86	310
	Truebridge Capital I	46,652		533	44		577
	Truebridge Capital II	72,668		604	407	32	1,043
	Warburg Pincus X	50,841		276	(858)	217	(365)

Continued on page 113

South Carolina Retirement Systems

Schedule of Investment Managers and Fees (cont.)

For the Year Ended June 30, 2016

(Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets Under Management at 6/30/2016 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	Warburg Pincus XI	49,690		550	333	251	1,134
	Welsh Carson Anderson & Stowe XI	32,408		206	(314)	37	(71)
	WL Ross Partnership Private Equity	213,697		267	1,354	87	1,708
	Various Private Equity Managers ⁵	568,570		1,709	(599)	277	1,387
Real Estate							
	American Timberlands Fund	31,125		356	(497)		(141)
	Apollo Partnership Real Estate	59,694		1,033	5,528	692	7,253
	Blackstone Property Partners	259,389		1,729	2,328		4,057
	Blackstone Real Estate Partners VII	141,424		1,533	2,706	280	4,519
	Brookfield REF III	16,501		221			221
	Brookfield REF IV	27,428		283		691	974
	Brookfield SREP LP	82,296		872	3,105		3,977
	Brookfield SREP II LP	24,053		562	101		663
	Carlyle VI	57,927		508	(1,654)		(1,146)
	CenterSquare ⁶	498,266	34				34
	Crowe VII	43,234		625		(1)	624
	Goldman Sachs Partnership Real Estate	8,548		196	365	728	1,289
	Greystar VII	1,567		862	11,807		12,669
	Lone Star II	10,858		27	407		434
	Morgan Stanley Partnership Real Estate	79,727		825	(6,285)	425	(5,035)
	Morgan Stanley Prime Property	200,000					
	Oaktree ROF V	38,225		419	182	128	729
	Oaktree ROF VI	79,853		1,102	1,455		2,557
	Och-Ziff II	32,617	369		1,311	83	1,763
	Pembrook Capital Management - PCI Investors Fund II	9,100		151	351	1,390	1,892
	TA Realty X	77,256		1,572	1,273		2,845
	TA Realty Fund of One	52,697					
	Torchlight III	13,646		190	57	(23)	224
	Torchlight IV	77,441		569	(1,775)	495	(711)
	Torchlight V	14,454		1,567		208	1,775
	U. S. REIF	13,289					
	WL Ross Partnership Real Estate	47,618		928		387	1,315
Strategic Partnerships⁷							
	Apollo	107,286				523	523
	Entrust	103,879		1,368	1,967	1,528	4,863
	Goldman Sachs	72,635		421		1,005	1,426
	Grosvenor	22,134				73	73
	GSO	18,027					
	Lighthouse	98,510		3,570		1,202	4,772
	Morgan Stanley	33,508		37		570	607
	WL Ross	65,473		948		102	1,050
Beta Overlay							
	Russell Investment Group	744,644	909				909

Continued on page 114

South Carolina Retirement Systems

Schedule of Investment Managers and Fees (cont.)

For the Year Ended June 30, 2016

(Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets Under Management at 6/30/2016 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
Internally Managed Assets							
	Core Fixed Income	43,481					
	Short Duration	813,185					
	SCRS Liquidity	487,769					
	Cash Accounts	1,248,773					
	SCRS Emerging Markets Debt ETF	165,964					
	Total Fair Value of Assets and Manager Fees	\$ 28,670,408	\$ 36,535	\$ 129,442	\$ 44,928	\$ 36,025	\$ 246,930
	Adjustments, Cash, Receivables and Payables	(690,755)					
	Net Asset Value as reported by the Custodial Bank	<u>\$ 27,979,653</u>					

¹The "Fair Value" of assets under management includes categories classified as cash equivalents for financial statement purposes and excludes cash, receivables and payables; therefore, these adjustments are necessary to reconcile to "Net Asset Values" reported by the Custodial Bank and the Retirement System Investment Commission.

²Investment manager fees, whether directly invoiced (\$36,534,858) or deducted from the fund on a net basis (\$210,395,023) are classified and reported as Investment Expense. The RSIC makes a good faith attempt to account for fees that are not necessarily readily separable. Conifer Financial Services, administrator for the RSIC, provides support to the RSIC for the collection, aggregation and reasonability testing so that the RSIC can provide the Retirement Division of PEBA with investment fees and expenses that would not be disclosed otherwise. These amounts include management fees, performance fees (carried interest) and other expenses such as organizational expenses in limited partnership structures.

³Includes performance fee of \$205,043 which was directly invoiced.

⁴These hedge funds are classified as a Mixed Credit or Global Public Equity mandate for investment purposes by RSIC due to these funds having higher factor or beta exposures to these traditional asset classes; however, for financial statement purposes they are classified as Hedge Funds.

⁵Represents the aggregation of six managers, each with total investment manager fees of less than \$250,000, and one manager that has a non-disclosure agreement.

⁶This fund is classified as a Real Estate mandate for investment purposes by the RSIC; however this fund is held in custody at BNY Mellon and, for financial statement purposes, reported as Global Public Equity.

⁷Represents management and other fees at the Strategic Partnership level, and not fees at the underlying investment level which are included in each applicable asset class. Fair Value represents cash balances at the Strategic Partnership level.

Actuarial Section



September 23, 2016

South Carolina Public Employee Benefit Authority
South Carolina Retirement Systems
P.O. Box 11960
Columbia, SC 29211-1960

Subject: Statement of Certification for the Actuarial Valuation as of July 1, 2015

Dear Members of the Board:

Actuarial valuations are prepared annually as of July 1, the first day of the plan year, for each of the five retirement systems (i.e. the South Carolina Retirement System, the Police Officers Retirement System, the Judges and Solicitors Retirement System, the General Assembly Retirement System, and the South Carolina National Guard Supplemental Retirement Plan). These reports describe the current actuarial condition of the South Carolina Retirement Systems and document the calculated employer contribution rates as well as the changes in these contribution rates.

FINANCING OBJECTIVES AND FUNDING POLICY

The employer and member contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are determined in accordance with South Carolina Code. As specified by the Code, in the event the scheduled employer and member contribution rates are insufficient to maintain a thirty-year amortization period for financing the unfunded liability of the System (determined on an actuarial value of asset basis), the South Carolina Public Employee Benefit Authority (the Board) shall increase the employer and member contribution rates in equal amounts as necessary to maintain a funding period that does not exceed thirty years. The Board, with approval of the State Fiscal Accountability Authority, also has the ability to increase the employer and member contribution rates by up to 50 basis points (i.e. 0.50%) in any one year.

The Board also certifies the employer contribution rates annually for the Judges and Solicitors Retirement System, the General Assembly Retirement System, and the South Carolina National Guard Supplemental Retirement Plan. The Board's principle objectives to determine the appropriate funding requirements for these systems include:

- Establish a contribution rate that remains relatively level over time.
- To set rates so that the measures of the System's funding progress, which include the unfunded actuarial accrued liability, funded ratio, and funding period, will be maintained or improved.
- To set a contribution rate that will result in the unfunded actuarial accrued liability (UAAL) to be amortized over a period from the current valuation date that does not exceed 30 years.

To accomplish this, the employer contribution rate will be at least equal to the sum of the employer normal cost rate (which pays the current year's cost) and an amortization rate which results in the UAAL being funded over a period that does not exceed 30 years in installments. These installments increase at the assumed rate of growth in payroll for each System.

If new legislation is enacted between the valuation date and the date the contribution rates become effective, the Board may adjust the calculated rates before certifying them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches at least 100%. For all systems on a combined basis, the funded ratio slightly decreased from 63.5% in 2014 to 62.8% in 2015.

ASSUMPTIONS AND METHODS

The Board, in consultation with the actuary, sets the actuarial assumptions and methods used in the valuation. The actuarial information disclosed in the July 1, 2015 actuarial valuation was based on actuarial assumptions adopted by the Budget and Control Board in November 2011. All the assumptions and methods adopted by the Budget and Control Board satisfy the requirements in the Actuarial Standards of Practice that are applicable for actuarial valuations of public retirement systems. It is our opinion that the actuarial assumptions used to perform this valuation are internally consistent and reasonably reflect the anticipated future experience of the System.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

An experience study as of June 30, 2015, was conducted and presented to the Board in 2016. The Board adopted all the recommended actuarial assumptions as a result of that experience study (except for the investment return assumption, which is a prescribed assumption set by the South Carolina General Assembly) and will be first used to perform the July 1, 2016 actuarial valuation.

The benefit structure is outlined in this section of the annual report. GRS prepared the following schedules in the actuarial section: *Actuarial Balance Sheet, Results of the Valuation as of July 1, 2015, Summary of Actuarial Assumptions and Methods, Development of the Actuarial Value of Assets, Solvency Test, and the Reconciliation of the UAAL*. GRS also prepared the following trend information in the actuarial section for years on and after July 1, 2011: *Summary of Historical Active Membership, Schedule of Retirants Added to and Removed from Rolls, and the Schedule of Funding Progress*.

South Carolina PEBA relied upon the data prepared by GRS and included in the actuarial valuations for each system to prepare the following schedules and graphs found in the actuarial section: *Summary of Active Membership Data, Summary of Membership Data and Funding Progress and Funding Ratios*. In addition, GRS prepared the following schedules in the financial section in accordance with GASB Statement No. 67: *Net Pension Liability Schedule, Discount Rate Sensitivity Analysis, Schedule of Changes in the Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability, and the Schedule of Employers' Contributions*.

DATA

Member data for retired, active and inactive members was supplied as of July 1, 2015, by the PEBA staff. The staff also supplied asset information as of July 1, 2015 (and as of June 30, 2016 for purposes of calculating information in accordance with GASB Statement No. 67). We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by the Systems.

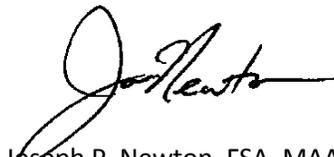
CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Retirement Systems as of July 1, 2015. All of our work conforms with generally accepted actuarial principles and practices, and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of South Carolina Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries and consultants. Mr. Newton and Mr. White are Enrolled Actuaries and Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries. Both are experienced in performing valuations for large public retirement systems.

Sincerely,

Gabriel, Roeder, Smith & Co.



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant



Daniel J. White, FSA, MAAA, EA
Senior Consultant

Gabriel Roeder Smith & Company

South Carolina Retirement System

Actuarial Balance Sheet

(Amounts expressed in thousands)

	July 1, 2015	July 1, 2014
1. Assets		
a. Current assets (actuarial value)		
i. Employee annuity savings fund	\$ 7,054,277	\$ 6,717,327
ii. Employer annuity accumulation fund	20,311,644	20,193,413
iii. Total current assets	\$ 27,365,921	\$ 26,910,740
b. Present value of future member contributions	\$ 5,192,778	\$ 5,040,382
c. Present value of future employer contributions		
i. Normal contributions	\$ 739,431	\$ 818,004
ii. Accrued liability contributions	16,753,255	15,978,874
iii. Total future employer contributions	\$ 17,492,686	\$ 16,796,878
d. Total assets	\$ 50,051,385	\$ 48,748,000
2. Liabilities		
a. Employee annuity savings fund		
i. Past member contributions	\$ 7,054,277	\$ 6,717,327
ii. Present value of future member contributions	5,192,778	5,040,382
iii. Total contributions to employee annuity savings fund	\$ 12,247,055	\$ 11,757,709
b. Employer annuity accumulation fund		
i. Benefits currently in payment	\$ 28,645,954	\$ 27,942,644
ii. Benefits to be provided to other members	9,158,376	9,047,647
iii. Total benefits payable from employer annuity accumulation fund	\$ 37,804,330	\$ 36,990,291
c. Total liabilities	\$ 50,051,385	\$ 48,748,000

Police Officers Retirement System

Actuarial Balance Sheet

(Amounts expressed in thousands)

	July 1, 2015	July 1, 2014
1. Assets		
a. Current assets (actuarial value)		
i. Employee annuity savings fund	\$ 905,768	\$ 850,383
ii. Employer annuity accumulation fund	3,361,026	3,254,925
iii. Total current assets	\$ 4,266,794	\$ 4,105,308
b. Present value of future member contributions	\$ 724,747	\$ 702,264
c. Present value of future employer contributions		
i. Normal contributions	\$ 431,983	\$ 436,423
ii. Accrued liability contributions	1,895,301	1,800,520
iii. Total future employer contributions	\$ 2,327,284	\$ 2,236,943
d. Total assets	\$ 7,318,825	\$ 7,044,515
2. Liabilities		
a. Employee annuity savings fund		
i. Past member contributions	\$ 905,768	\$ 850,383
ii. Present value of future member contributions	724,747	702,264
iii. Total contributions to employee annuity savings fund	\$ 1,630,515	\$ 1,552,647
b. Employer annuity accumulation fund		
i. Benefits currently in payment	\$ 3,624,713	\$ 3,490,161
ii. Benefits to be provided to other members	2,063,597	2,001,707
iii. Total benefits payable from employer annuity accumulation fund	\$ 5,688,310	\$ 5,491,868
c. Total liabilities	\$ 7,318,825	\$ 7,044,515

General Assembly Retirement System

Actuarial Balance Sheet

(Amounts expressed in thousands)

	July 1, 2015	July 1, 2014
1. Assets		
a. Current Assets (Actuarial Value)		
i. Employee annuity savings fund	\$ 7,295	\$ 7,358
ii. Employer annuity accumulation fund	30,017	30,288
iii. Total current assets	\$ 37,312	\$ 37,646
b. Present Value of Future Member Contributions ¹	\$ 1,587	\$ 1,841
c. Present Value of Future Employer Contributions		
i. Normal contributions	\$ 1,153	\$ 1,350
ii. Accrued liability contributions	37,197	36,868
iii. Total future employer contributions	\$ 38,350	\$ 38,218
d. Total Assets	\$ 77,249	\$ 77,705
2. Liabilities		
a. Employee Annuity Savings Fund		
i. Past member contributions	\$ 7,295	\$ 7,358
ii. Present value of future member contributions ¹	1,587	1,841
iii. Total contributions to employee annuity savings fund	\$ 8,882	\$ 9,199
b. Employer Annuity Accumulation Fund		
i. Benefits currently in payment	\$ 58,384	\$ 58,099
ii. Benefits to be provided to other members	9,983	10,407
iii. Total benefits payable from employer annuity accumulation fund	\$ 68,367	\$ 68,506
c. Total Liabilities	\$ 77,249	\$ 77,705

¹ Includes expected contributions from special contributors.

Judges and Solicitors Retirement System

Actuarial Balance Sheet

(Amounts expressed in thousands)

	July 1, 2015	July 1, 2014
1. Assets		
a. Current Assets (Actuarial Value)		
i. Employee annuity savings fund	\$ 24,650	\$ 22,926
ii. Employer annuity accumulation fund	133,333	129,913
iii. Total current assets	\$ 157,983	\$ 152,839
b. Present Value of Future Member Contributions	\$ 15,087	\$ 14,257
c. Present Value of Future Employer Contributions		
i. Normal contributions	\$ 25,083	\$ 24,043
ii. Accrued liability contributions	111,692	111,454
iii. Total future employer contributions	\$ 136,775	\$ 135,497
d. Total Assets	\$ 309,845	\$ 302,593
2. Liabilities		
a. Employee Annuity Savings Fund		
i. Past member contributions	\$ 24,650	\$ 22,926
ii. Present value of future member contributions	15,087	14,257
iii. Total contributions to employee annuity savings fund	\$ 39,737	\$ 37,183
b. Employer Annuity Accumulation Fund		
i. Benefits currently in payment	\$ 186,481	\$ 184,625
ii. Benefits to be provided to other members	83,627	80,785
iii. Total benefits payable from employer annuity accumulation fund	\$ 270,108	\$ 265,410
c. Total Liabilities	\$ 309,845	\$ 302,593

South Carolina National Guard Supplemental Retirement Plan Actuarial Balance Sheet

(Amounts expressed in thousands)

	July 1, 2015	July 1, 2014
1. Assets		
a. Current Assets (Actuarial Value)	\$ 25,727	\$ 24,029
b. Present Value of Future Member Contributions	0	0
c. Present Value of Future Employer Contributions		
i. Normal contributions	\$ 6,135	\$ 6,160
ii. Accrued liability contributions	36,414	38,071
iii. Total future employer contributions	\$ 42,549	\$ 44,231
d. Total Assets	\$ 68,276	\$ 68,260
2. Liabilities		
a. Benefits to be Paid to Retired Members	\$ 33,521	\$ 33,739
b. Benefits to be Paid to Former Members Entitled to Deferred Pensions	11,152	11,158
c. Benefits to be Paid to Current Active Members	23,603	23,363
d. Total Liabilities	\$ 68,276	\$ 68,260

South Carolina Retirement System

Results of the Valuation as of July 1, 2015

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Present Value of Future Benefits	
a. Present retired members and beneficiaries	\$ 28,645,954
b. Present active and inactive members	21,405,431
c. Total actuarial present value	\$ 50,051,385
2. Present Value of Future Normal Contributions	
a. Employee	\$ 5,192,778
b. Employer	739,431
c. Total future normal contributions	\$ 5,932,209
3. Actuarial Liability	\$ 44,119,176
4. Current Actuarial Value of Assets	\$ 27,365,921
5. Unfunded Actuarial Liability	\$ 16,753,255
6. UAAL Amortization Rates Based on an Employer Contribution Rate of 11.09%	
a. Active members	9.45%
b. TERI members (including employee contributions)	19.28%
c. ORP members	6.09%
d. Re-employed retirees (including employee contributions)	19.28%
7. Unfunded Actuarial Liability Liquidation Period	30 years

Note: The employer contribution rate includes the cost of incidental death benefits.

Police Officers Retirement System

Results of the Valuation as of July 1, 2015

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Present Value of Future Benefits	
a. Present retired members and beneficiaries	\$ 3,624,713
b. Present active and inactive members	3,694,112
c. Total actuarial present value	\$ 7,318,825
2. Present Value of Future Normal Contributions	
a. Member	\$ 724,747
b. Employer	431,983
c. Total future normal contributions	\$ 1,156,730
3. Actuarial Liability	\$ 6,162,095
4. Current Actuarial Value of Assets	\$ 4,266,794
5. Unfunded Actuarial Liability	\$ 1,895,301
6. Unfunded Actuarial Liability Rate in Effect for FY 2018	8.32%
7. Unfunded Actuarial Liability Liquidation Period	27 years

Note: The employer contribution rate includes the cost of accidental and incidental death benefits.

General Assembly Retirement System

Results of the Valuation as of July 1, 2015

(Amounts expressed in thousands)

	July 1, 2015
1. Actuarial Present Value of Future Benefits	
a. Present retired members and beneficiaries	\$ 58,384
b. Present active and inactive members	18,865
c. Total actuarial present value	\$ 77,249
2. Present Value of Future Normal Contributions	
a. Employee	\$ 1,587
b. Employer	1,153
c. Total future normal contributions	\$ 2,740
3. Actuarial Liability	\$ 74,509
4. Current Actuarial Value of Assets	\$ 37,312
5. Unfunded Actuarial Liability	\$ 37,197
6. Unfunded Actuarial Liability Liquidation Period from the Valuation Date	12 years

Judges and Solicitors Retirement System

Results of the Valuation as of July 1, 2015

(Amounts expressed in thousands)

	July 1, 2015
1. Actuarial Present Value of Future Benefits	
a. Present retired members and beneficiaries	\$ 186,481
b. Present active and inactive members	123,364
c. Total actuarial present value	\$ 309,845
2. Present Value of Future Normal Contributions	
a. Employee	\$ 15,087
b. Employer	25,083
c. Total future normal contributions	\$ 40,170
3. Actuarial Liability	\$ 269,675
4. Current Actuarial Value of Assets	\$ 157,983
5. Unfunded Actuarial Liability	\$ 111,692
6. UAAL Amortization Rates Based on a 47.97% Employer Contribution Rate	
a. Active members	30.29%
b. DROP and Retired-in-Place Members (including employee contributions)	57.97%
7. Unfunded Actuarial Liability Liquidation Period	27 Years

Note: The employer contribution rate includes the cost of incidental death benefits.

South Carolina National Guard Supplemental Retirement Plan

Results of the Valuation as of July 1, 2015

(Amounts expressed in thousands)

	July 1, 2015
1. Actuarial Present Value of Future Benefits	
a. Present Retired Members and Beneficiaries	\$ 33,521
b. Present Active and Inactive Members	34,755
c. Total Actuarial Present Value	\$ 68,276
 2. Present Value of Future Normal Contributions	
a. Employee	\$ 0
b. Employer	6,135
c. Total Future Normal Contributions	\$ 6,135
 3. Actuarial Liability	\$ 62,141
 4. Current Actuarial Value of Assets	\$ 25,727
 5. Unfunded Actuarial Liability	\$ 36,414
 6. Unfunded Actuarial Liability Liquidation Period (blended)	17 years

South Carolina Retirement System

Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the State Fiscal Accountability Authority and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recent experience analysis for the five year period ended July 1, 2015, the Boards adopted a number of changes in the actuarial assumptions which will be utilized beginning with the July 1, 2016 annual valuations. The recommended adjustments to the actuarial assumptions included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The actuary determined that the 7.50 percent return assumption is within a reasonable range per applicable actuarial standards.

The following presents a summary of the actuarial assumptions and methods used in the July 1, 2015 valuation of the South Carolina Retirement System for funding purposes and financial reporting purposes.

Investment Rate of Return

The assumed annual investment rate of return of 7.5 percent net of investment and administrative expenses is composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses.

This is a prescribed assumption in Section 9-16-335 of the South Carolina State Code.

Rates of Annual Salary Increase

Rates of annual salary increase are assumed to vary for the first 19 years of service due to expected merit and promotional increases which differ by employee group. Beginning with the 20th year of service, the assumed annual rate of increase is 3.5 percent for both groups and for all future years of service.

The 3.5 percent rate of the increase is composed of a 2.75 percent inflation component and a 0.75 percent real rate of wage increase (productivity) component.

South Carolina Retirement System

Active Male and Female Salary Increase Rate

Years of Service	General Employees		Teachers	
	Annual Promotional/Longevity Rates of Increase	Total Annual Rate of Increase Including 3.5% Wage Inflation	Annual Promotional/Longevity Rates of Increase	Total Annual Rate of Increase Including 3.5% Wage Inflation
0	2.50%	6.00%	4.00%	7.50%
1	2.50%	6.00%	9.00%	12.50%
2	2.00%	5.50%	3.00%	6.50%
3	1.50%	5.00%	2.75%	6.25%
4	1.25%	4.75%	2.50%	6.00%
5	1.00%	4.50%	2.25%	5.75%
6	0.75%	4.25%	2.00%	5.50%
7	0.50%	4.00%	1.75%	5.25%
8	0.50%	4.00%	1.75%	5.25%
9	0.25%	3.75%	1.50%	5.00%
10	0.25%	3.75%	1.50%	5.00%
11	0.25%	3.75%	1.50%	5.00%
12	0.25%	3.75%	1.25%	4.75%
13	0.25%	3.75%	1.00%	4.50%
14	0.00%	3.50%	1.00%	4.50%
15	0.00%	3.50%	1.00%	4.50%
16	0.00%	3.50%	0.75%	4.25%
17	0.00%	3.50%	0.50%	4.00%
18	0.00%	3.50%	0.25%	3.75%
19	0.00%	3.50%	0.25%	3.75%
20+	0.00%	3.50%	0.00%	3.50%

South Carolina Retirement System - Active Member Decrement Rates

- a. Assumed rate of Service Retirement or TERI entry are shown in the following tables. The first table is for Class Two members who attain age 65 before attaining 28 years of service. The second table is based on service and is for Class Two members who attain 28 years of service before age 65. The retirement rates shown in the table below for Class Two members commencing a reduced retirement are also applicable to Class Three members who are at least age 60, but have not satisfied the age and service requirements for an unreduced benefit.

Annual Age Based Retirement Rates

Members Age	Class Two								Class Three Rule of 90
	General Employees				Teachers				
	Reduced		Normal ¹		Reduced		Normal ¹		
	Male	Female	Male	Female	Male	Female	Male	Female	
55	4%	4%	0%	0%	2%	2%	0%	0%	20%
56	4%	4%	0%	0%	2%	2%	0%	0%	20%
57	4%	4%	0%	0%	2%	2%	0%	0%	20%
58	4%	4%	0%	0%	2%	2%	0%	0%	20%
59	4%	4%	0%	0%	2%	2%	0%	0%	20%
60	5%	7%	0%	0%	5%	6%	0%	0%	20%
61	5%	7%	0%	0%	6%	6%	0%	0%	20%
62	14%	13%	0%	0%	12%	11%	0%	0%	20%
63	10%	13%	0%	0%	12%	10%	0%	0%	20%
64	10%	13%	0%	0%	9%	10%	0%	0%	20%
65	0%	0%	20%	22%	0%	0%	20%	25%	20%
66	0%	0%	20%	22%	0%	0%	20%	25%	20%
67	0%	0%	17%	19%	0%	0%	20%	20%	20%
68	0%	0%	17%	19%	0%	0%	20%	20%	20%
69	0%	0%	17%	19%	0%	0%	20%	20%	20%
70	0%	0%	17%	19%	0%	0%	20%	20%	20%
71	0%	0%	17%	19%	0%	0%	20%	20%	20%
72	0%	0%	17%	19%	0%	0%	20%	20%	20%
73	0%	0%	17%	19%	0%	0%	20%	20%	20%
74	0%	0%	17%	19%	0%	0%	20%	20%	20%
75	0%	0%	100%	100%	0%	0%	100%	100%	100%

¹Retirement rate is 50% at the later of age 62 or when the member is first eligible for a normal retirement benefit (i.e. the first age the member is eligible to concurrently commence benefits and continue employment).

South Carolina Retirement System Annual Service Based Retirement Rates¹

Class Two Members				
Years of Service	General Employees		Teachers	
	Male	Female	Male	Female
28	15%	18%	8%	5%
29	10%	10%	7%	8%
30	10%	10%	8%	9%
31	10%	10%	8%	9%
32	10%	10%	9%	10%
33	18%	20%	10%	11%
34	18%	20%	11%	12%
35	18%	20%	12%	18%
36	20%	20%	13%	18%
37	20%	20%	14%	18%
38	20%	20%	18%	18%
39	20%	20%	17%	19%
40	100%	100%	17%	20%
41	100%	100%	100%	100%
42	100%	100%	100%	100%
43	100%	100%	100%	100%
44	100%	100%	100%	100%
45	100%	100%	100%	100%
46	100%	100%	100%	100%
47	100%	100%	100%	100%
48	100%	100%	100%	100%

¹Retirement rate is 50% at the later of age 62 or when the member is first eligible for a normal retirement benefit (i.e. the first age the member is eligible to concurrently commence benefits and continue employment).

b. Assumed rates of disability are shown in the following table.

South Carolina Retirement System Disability Rates

Age	General Employees		Teachers	
	Male	Female	Male	Female
25	0.0504%	0.0464%	0.0419%	0.0458%
30	0.1008%	0.0650%	0.0629%	0.0616%
35	0.1512%	0.1299%	0.0838%	0.0616%
40	0.2520%	0.1670%	0.1572%	0.1074%
45	0.3528%	0.2413%	0.2620%	0.2200%
50	0.5040%	0.4083%	0.4192%	0.3520%
55	0.8064%	0.6496%	0.6812%	0.5720%
60	1.0080%	0.9930%	1.0480%	0.8800%
64	1.2600%	1.3827%	1.3100%	1.1000%

c. Active Member Mortality

Rates of active member mortality are based upon a client specific table with applicable multipliers to match the experience.

South Carolina Retirement System Active Mortality Rates (Multiplier Applied)

Age	General Employees		Teachers	
	Male	Female	Male	Female
25	0.0414%	0.0166%	0.0432%	0.0145%
30	0.0488%	0.0211%	0.0511%	0.0185%
35	0.0850%	0.0380%	0.0889%	0.0333%
40	0.1187%	0.0565%	0.1241%	0.0494%
45	0.1659%	0.0899%	0.1734%	0.0787%
50	0.2352%	0.1341%	0.2459%	0.1173%
55	0.3332%	0.2021%	0.3483%	0.1768%
60	0.5366%	0.3145%	0.5610%	0.2752%
64	0.7731%	0.4343%	0.8082%	0.3800%
Multiplier	110%	80%	115%	70%

d. Rates of Withdrawal

Rate of withdrawal for active members prior to eligibility for retirement are for each employee group and differ by gender and service. Sample rates are shown in the following tables.

South Carolina Retirement System Withdrawal Rates - Male General Employees

Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.329	0.247	0.190	0.155	0.134	0.117	0.096	0.078	0.065	0.059	0.066	0.000	0.000	0.000	0.000
30	0.294	0.221	0.173	0.142	0.124	0.109	0.095	0.082	0.070	0.060	0.053	0.047	0.044	0.042	0.039
35	0.268	0.200	0.155	0.129	0.112	0.101	0.092	0.082	0.072	0.059	0.042	0.047	0.044	0.042	0.039
40	0.246	0.180	0.138	0.114	0.100	0.092	0.086	0.079	0.069	0.055	0.033	0.042	0.042	0.042	0.039
45	0.226	0.164	0.123	0.100	0.088	0.082	0.078	0.073	0.064	0.049	0.027	0.039	0.036	0.034	0.032
50	0.208	0.150	0.111	0.089	0.077	0.072	0.068	0.063	0.055	0.042	0.022	0.029	0.029	0.029	0.029
55	0.194	0.141	0.104	0.081	0.069	0.060	0.054	0.049	0.042	0.033	0.021	0.020	0.020	0.020	0.020
60	0.183	0.135	0.100	0.077	0.063	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.036	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.036	0.034	0.032	0.029	0.027	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.036	0.034	0.032	0.029	0.027	0.025	0.023	0.022	0.020	0.018	0.017	0.000	0.000	0.000	
45	0.029	0.029	0.029	0.029	0.027	0.025	0.023	0.022	0.020	0.018	0.017	0.016	0.014	0.000	
50	0.029	0.027	0.025	0.023	0.022	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.014	0.000	
55	0.020	0.020	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.014	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

South Carolina Retirement System Withdrawal Rates - Female General Employees

Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.298	0.246	0.206	0.177	0.156	0.138	0.125	0.116	0.109	0.103	0.094	0.000	0.000	0.000	0.000
30	0.271	0.224	0.186	0.159	0.140	0.125	0.115	0.106	0.097	0.085	0.069	0.052	0.049	0.045	0.042
35	0.251	0.202	0.166	0.141	0.124	0.113	0.104	0.096	0.086	0.071	0.051	0.052	0.049	0.045	0.042
40	0.233	0.180	0.145	0.123	0.110	0.101	0.093	0.085	0.075	0.059	0.037	0.045	0.045	0.045	0.042
45	0.217	0.162	0.127	0.108	0.097	0.089	0.082	0.075	0.064	0.049	0.028	0.042	0.039	0.036	0.033
50	0.204	0.149	0.115	0.097	0.086	0.079	0.071	0.064	0.054	0.041	0.023	0.030	0.030	0.030	0.030
55	0.195	0.143	0.109	0.089	0.078	0.069	0.061	0.053	0.044	0.035	0.024	0.020	0.020	0.020	0.020
60	0.187	0.141	0.108	0.085	0.070	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.039	0.036	0.033	0.030	0.028	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.039	0.036	0.033	0.030	0.028	0.025	0.023	0.022	0.020	0.018	0.017	0.000	0.000	0.000	
45	0.030	0.030	0.030	0.030	0.028	0.025	0.023	0.022	0.020	0.018	0.017	0.016	0.015	0.000	
50	0.030	0.028	0.025	0.023	0.022	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.015	0.000	
55	0.020	0.020	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.015	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

South Carolina Retirement System Withdrawal Rates - Male Teachers

Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.296	0.203	0.138	0.097	0.072	0.058	0.051	0.051	0.052	0.054	0.056	0.000	0.000	0.000	0.000
30	0.272	0.192	0.136	0.099	0.078	0.066	0.061	0.058	0.054	0.048	0.039	0.027	0.026	0.025	0.025
35	0.253	0.182	0.132	0.099	0.081	0.071	0.066	0.061	0.054	0.043	0.027	0.027	0.026	0.025	0.025
40	0.237	0.173	0.127	0.098	0.082	0.073	0.068	0.062	0.053	0.039	0.020	0.025	0.025	0.025	0.025
45	0.224	0.165	0.123	0.096	0.081	0.073	0.067	0.060	0.050	0.036	0.017	0.025	0.024	0.023	0.023
50	0.214	0.159	0.119	0.094	0.079	0.070	0.063	0.055	0.046	0.034	0.017	0.022	0.022	0.022	0.022
55	0.206	0.155	0.117	0.091	0.074	0.065	0.056	0.048	0.040	0.032	0.022	0.017	0.017	0.017	0.017
60	0.200	0.152	0.114	0.087	0.067	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.024	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.024	0.023	0.023	0.022	0.021	0.020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.024	0.023	0.023	0.022	0.021	0.020	0.019	0.018	0.017	0.015	0.014	0.000	0.000	0.000	
45	0.022	0.022	0.022	0.022	0.021	0.020	0.019	0.018	0.017	0.015	0.014	0.012	0.009	0.000	
50	0.022	0.021	0.020	0.019	0.018	0.017	0.017	0.017	0.017	0.015	0.014	0.012	0.009	0.000	
55	0.017	0.017	0.017	0.017	0.017	0.017	0.015	0.014	0.012	0.009	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

South Carolina Retirement System Withdrawal Rates – Female Teachers

Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.230	0.161	0.121	0.101	0.089	0.084	0.083	0.080	0.073	0.066	0.060	0.000	0.000	0.000	0.000
30	0.227	0.166	0.126	0.101	0.088	0.080	0.075	0.070	0.062	0.053	0.043	0.032	0.030	0.028	0.026
35	0.217	0.160	0.121	0.097	0.083	0.075	0.068	0.062	0.054	0.043	0.030	0.032	0.030	0.028	0.026
40	0.204	0.148	0.111	0.088	0.076	0.068	0.062	0.055	0.048	0.037	0.021	0.028	0.028	0.028	0.026
45	0.193	0.136	0.100	0.080	0.068	0.062	0.056	0.050	0.044	0.033	0.016	0.026	0.024	0.023	0.021
50	0.187	0.130	0.094	0.074	0.063	0.057	0.052	0.048	0.042	0.032	0.015	0.020	0.020	0.020	0.020
55	0.188	0.131	0.094	0.073	0.063	0.054	0.051	0.047	0.042	0.033	0.019	0.013	0.013	0.013	0.013
60	0.195	0.138	0.099	0.076	0.066	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.024	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.024	0.023	0.021	0.020	0.018	0.017	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.024	0.023	0.021	0.020	0.018	0.017	0.015	0.014	0.013	0.011	0.010	0.000	0.000	0.000	
45	0.020	0.020	0.020	0.020	0.018	0.017	0.015	0.014	0.013	0.011	0.010	0.009	0.008	0.000	
50	0.020	0.018	0.017	0.015	0.014	0.013	0.013	0.013	0.013	0.011	0.010	0.009	0.008	0.000	
55	0.013	0.013	0.013	0.013	0.013	0.013	0.011	0.010	0.009	0.008	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

South Carolina Retirement System - Post Retirement Mortality

a. Healthy Retirees and Beneficiaries

The valuation assumes fully generational mortality. The base mortality table used is the RP-2000 Mortality Table (Public School District Employees utilize the White Collar adjustment), adjusted by multipliers documented in the table below. Future mortality improvements are assumed each year using Scale AA. The following are sample rates:

Nondisabled Annuitant Mortality Rates before Projection (Multiplier Applied)

Age	General Employees		Teachers	
	Males	Females	Males	Females
50	0.2138%	0.1508%	0.2176%	0.1510%
55	0.3624%	0.2445%	0.3632%	0.2457%
60	0.6747%	0.4550%	0.6141%	0.4443%
65	1.2737%	0.8735%	1.2167%	0.8218%
70	2.2206%	1.5068%	2.1203%	1.4426%
75	3.7834%	2.5295%	3.6997%	2.4431%
80	6.4368%	4.1291%	6.5353%	4.0926%
85	11.0757%	6.9701%	11.5132%	7.0483%
90	18.3408%	11.8514%	19.6100%	11.9843%
Multiplier	100%		90%	
			110%	
			95%	

The table on the following page provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection:

South Carolina Retirement System

Life Expectancy for an Age 65 Retiree in Years

Employee type	Year of retirement			
	2015	2020	2025	2030
General Employee - Male	19.6	20.0	20.4	20.7
General Employee - Female	22.3	22.5	22.7	22.9
Teacher - Male	19.5	19.9	20.3	20.6
Teacher - Female	22.4	22.6	22.8	22.9

- b. A separate table of mortality rates is used for disabled retirees based on the RP-2000 Disabled Retiree Mortality Table. The following are sample rates:

South Carolina Retirement System

Disabled Annuitant Mortality Rates (Multiplier Applied)

Age	General Employees		Teachers	
	Males	Females	Males	Females
50	2.4629%	1.2689%	2.1731%	1.2689%
55	3.0126%	1.8198%	2.6581%	1.8198%
60	3.5736%	2.4023%	3.1531%	2.4023%
65	4.2648%	3.0829%	3.7631%	3.0829%
70	5.3196%	4.1398%	4.6937%	4.1398%
75	6.9757%	5.7453%	6.1550%	5.7453%
80	9.2966%	7.9543%	8.2029%	7.9543%
85	12.0363%	11.0223%	10.6202%	11.0223%
90	15.5897%	15.4054%	13.7556%	15.4054%
Multiplier	85%	110%	75%	110%

Asset Valuation Method

The actuarial value of assets is determined as the expected value of plan assets as of the valuation date plus 20 percent of the difference between the market value and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Expected earnings are determined using the assumed investment rate of return and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

Actuarial Cost Method

The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability, on an actuarial value of asset basis, with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

The calculation of the amortization period takes into account scheduled increases to contribution rates applicable to future years and payroll growth. Also, the calculation of the amortization period reflects additional contributions the System receives with respect to post July 1, 2005 TERI participants, ORP participants and return to work retirees. These contributions are assumed to grow at the same payroll growth rate as for active SCRS employees. It is assumed that amortization payments are made monthly at the end of the month.

Note, the principle financial measurement calculations in this actuarial valuation, which include the unfunded actuarial accrued liability, funded ratio, contribution rates, and funding period, are based on an actuarial value of assets (smoothed value) basis. The actuarial value of assets is a calculated asset value which may be greater than or less than the market value of assets and is used to dampen some of the volatility in the market value of assets. As a result, many of these measures would be different if they were determined on a market value of assets basis.

Unused Annual Leave

To account for the effect of unused annual leave in Annual Final Compensation (AFC) of Class Two members, the AFC for Class Two members is increased 2.14 percent at their date of retirement. Termination pay for unused annual leave at retirement is not included in the AFC for Class Three Members.

Unused Sick Leave

To account for the effect of unused sick leave on credited service for Class Two members, the service of active Class Two members who retire is increased three months. Unused sick leave is not included in the credited service for Class Three members.

Future Post-Retirement Benefit Adjustments

Benefits are assumed to increase by the lesser of 1 percent annually or \$500 beginning on the July 1st following the receipt of 12 monthly benefit payments. The \$500 limit in the annual increase is not indexed to escalate in future years.

Payroll Growth Rate

The total annual payroll of active members (also applies to TERI, ORP and rehired retiree participants) is assumed to increase at an annual rate of 3.5 percent. This rate represents the underlying expected annual rate of wage inflation and does not anticipate increases in the number of members.

Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Prior fiscal year payroll projected forward one year using the overall payroll growth rate. This was determined separately for TERI, and return to work employees by dividing the actual member contributions received during the prior fiscal year by the member contribution rate in effect for that year, and then projecting that amount forward one year.
2. Individual salaries used to project benefits: Actual salaries from the past fiscal year are used to determine the final average salary as of the valuation date. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.

3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ended on the valuation date.
4. Percent married: 100 percent of male and 100 percent of female employees are assumed to be married.
5. Age difference: Males are assumed to be three years older than their spouses.
6. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an immediate life annuity.
7. Inactive Population: All non-vested members are assumed to take an immediate refund. Members with a vested benefit are assumed to elect a refund or a deferred benefit commencing at age 65, whichever is more valuable at the valuation date.
8. There will be no recoveries once disabled.
9. Decrement timing: Decrements of all types are assumed to occur mid-year.
10. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
11. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
12. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
13. Benefit Service: All members are assumed to accrue one year of eligibility service each year.
14. All calculations were performed without regard to the compensation limit in IRC Section 401(a)(17) and the benefit limit under IRC Section 415.

Participant Data

Participant data was securely supplied in electronic text files. There were separate files for (i) active and inactive members and (ii) members and beneficiaries receiving benefits.

The data for active members included birth date, gender, service with the current city and total vesting service, salary, and employee contribution account balances. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date. Assumptions were made to correct for missing or inconsistent data. These had no material impact on the results presented.

South Carolina Retirement System

Development of Actuarial Value of Assets

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 26,910,740
2. Market Value of Assets at the Prior Valuation Date	\$ 25,738,521
3. Net External Cash Flow During the Year	
a. Contributions	\$ 1,739,092
b. Disbursements	(2,707,383)
c. Subtotal	\$ (968,291)
4. Expected Net Investment Income at 7.50% Earned on:	
a. Actuarial value of assets at the prior valuation date	\$ 2,018,306
b. Contributions	65,216
c. Disbursements	(101,527)
d. Subtotal	\$ 1,981,995
5. Expected Actuarial Value of Assets, End of Year (Item 1 + Item 3c + Item 4d)	\$ 27,924,444
6. Market Value of Assets as of the Current Valuation Date	\$ 25,131,828
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6 - Item 5)	\$ (2,792,616)
8. Excess (Shortfall) Recognized (20% of Item 7)	\$ (558,523)
9. Actuarial Value of Plan Assets, End of Year (Item 5 + Item 8)	\$ 27,365,921
10. Asset Gain (Loss) for Year (Item 9-Item 5)	\$ (558,523)
11. Asset Gain (Loss) as % of the Actuarial Value of Assets	(2.04%)
12. Ratio of Actuarial Value of Assets to Market Value of Assets	108.9%

Police Officers Retirement System

Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the State Fiscal Accountability Authority and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recent experience analysis for the five year period ended July 1, 2015, the Boards adopted a number of changes in the actuarial assumptions which will be utilized beginning with the July 1, 2016 annual valuations. The recommended adjustments to the actuarial assumptions included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The actuary determined that the 7.50 percent return assumption is within a reasonable range per applicable actuarial standards.

The following presents a summary of the actuarial assumptions and methods used in the July 1, 2015 valuation of the South Carolina Retirement System for funding purposes and financial reporting purposes.

Investment Rate of Return

The assumed annual investment rate of return of 7.5 percent net of investment and administrative expenses is composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses.

This is a prescribed assumption in Section 9-16-335 of the South Carolina State Code.

Rates of Annual Salary Increase

Rates of annual salary increase are assumed to vary for the first 11 years of service to include anticipated merit and promotional increases. The assumed annual rate of increase is 4 percent for all members with 12 or more years of service.

The 4 percent rate of increase is composed of a 2.75 percent inflation component and a 1.25 percent real rate of wage increase (productivity) component.

Police Officers Retirement System

Active Male and Female Salary Increase Rate

Years of Service	PORS	
	Annual Promotional/Longevity Rates of Increase	Total Annual Rate of Increase Including 4.0% Wage Inflation
0	6.00%	10.00%
1	5.00%	9.00%
2	2.00%	6.00%
3	1.00%	5.00%
4	0.75%	4.75%
5	0.50%	4.50%
6	0.25%	4.25%
7	0.25%	4.25%
8	0.25%	4.25%
9	0.25%	4.25%
10	0.25%	4.25%
11	0.25%	4.25%
12	0.00%	4.00%
13	0.00%	4.00%
14	0.00%	4.00%
15	0.00%	4.00%
16	0.00%	4.00%
17	0.00%	4.00%
18	0.00%	4.00%
19	0.00%	4.00%
20+	0.00%	4.00%

Police Officers Retirement System - Active Member Decrement Rates

- a. Assumed rates of Service Retirement are shown in the following tables. The first table is for members who attain age 55 before attaining 25 years of service (27 years of service for Class Three). The second table is based on service and is for members who attain 25 years of service before age 55.

Age	Annual Age Based Retirement Rates		Annual Service Based Retirement Rates ¹			
	PORS		Years of Service		PORS	
	Male	Female	Class Two	Class Three	Male	Female
55	20%	20%	25	27	18%	18%
56	14%	14%	26	28	13%	13%
57 ²	50%	50%	27	29	11%	11%
58	12%	12%	28	30	11%	11%
59	12%	12%	29	31	11%	11%
60	12%	12%	30	32	11%	11%
61	12%	12%	31	33	11%	11%
62	35%	35%	32	34	11%	11%
63	25%	25%	33	35	11%	11%
64	25%	25%	34	36	11%	11%
65	30%	30%	35	37	11%	11%
66	30%	30%	36	38	11%	11%
67	30%	30%	37	39	11%	11%
68	30%	30%	38	40	11%	11%
69	30%	30%	39	41	11%	11%
70	100%	100%	40	42	100%	100%
71	100%	100%				
72	100%	100%				
73	100%	100%				
74	100%	100%				
75	100%	100%				

¹Retirement rate is 50% at age 57, the first age the member is eligible to concurrently commence benefits and continue employment.

²Age first eligible to concurrently commence benefits and continue employment.

- b. Assumed rates of disability are shown in the following table. Twenty-five percent of disabilities are assumed to be duty-related.

Disability Rates

Age	PORS	
	Male	Female
25	0.1376%	0.1376%
30	0.1835%	0.1835%
35	0.3441%	0.3441%
40	0.4588%	0.4588%
45	0.6882%	0.6882%
50	0.8603%	0.8603%
55	0.0000%	0.0000%
60	0.0000%	0.0000%
64	0.0000%	0.0000%

c. Active Member Mortality

Rates of active member mortality are based upon a client specific table with applicable multipliers to match the experience.

Police Officers Retirement System Active Mortality Rates (Multiplier Applied)

Age	PORS	
	Male	Female
25	0.0338%	0.0186%
30	0.0653%	0.0264%
35	0.0978%	0.0467%
40	0.1234%	0.0790%
45	0.1614%	0.1248%
50	0.2171%	0.1767%
55	0.3776%	0.2516%
60	0.7443%	0.4454%
64	1.2430%	0.8222%
Multiplier	90%	90%

d. Rates of Withdrawal

Rates of withdrawal for active members prior to eligibility for retirement are based upon actual experience from 2002 through 2010. Rates are developed for each employee group and differ by gender and service. Sample rates are shown in the following table.

Police Officers Retirement System Annual Withdrawal Rate

Years of Service	PORS	
	Male	Female
0	0.2500	0.2500
1	0.1800	0.1800
2	0.1400	0.1400
3	0.1200	0.1200
4	0.1070	0.1070
5	0.0954	0.0954
6	0.0850	0.0850
7	0.0758	0.0758
8	0.0675	0.0675
9	0.0602	0.0602
10	0.0537	0.0537
11	0.0478	0.0478
12	0.0426	0.0426
13	0.0380	0.0380
14	0.0339	0.0339
15	0.0302	0.0302
16	0.0269	0.0269
17	0.0240	0.0240
18	0.0214	0.0214
19	0.0191	0.0191
20	0.0170	0.0170
21	0.0151	0.0151
22	0.0135	0.0135
23	0.0120	0.0120

e. Post Retirement Mortality

Healthy retirees and beneficiaries – This valuation assumes fully generational mortality. The base mortality table is 115 percent of the RP-2000 Mortality Table with Blue Collar Adjustment. Future mortality improvements are assumed each year using Scale AA. The following are sample rates:

Police Officers Retirement System Nondisabled Annuitant Mortality Rates Before Projection (Multiplier applied)

Age	PORS	
	Male	Female
50	0.2774%	0.2257%
55	0.4825%	0.3214%
60	0.9511%	0.5691%
65	1.7870%	1.1958%
70	3.0772%	2.1429%
75	4.9601%	3.5521%
80	8.1129%	5.6296%
85	13.2339%	9.5565%
90	20.9021%	15.7189%
Multiplier	115%	115%

Life Expectancy for an Age 65 Retiree in Years

Member	Year of Retirement			
	2015	2020	2025	2030
Male	17.8	18.2	18.6	19.0
Female	19.7	19.9	20.1	20.4

A separate table of mortality rates is used for disabled retirees based on the RP-2000 Disabled Retiree Mortality Table. The following are sample rates:

Disabled Annuitant Mortality Rates (Multiplier applied)

Age	PORS	
	Male	Female
50	1.7385%	0.6921%
55	2.1265%	0.9926%
60	2.5225%	1.3103%
65	3.0104%	1.6816%
70	3.7550%	2.2581%
75	4.9240%	3.1338%
80	6.5623%	4.3387%
85	8.4962%	6.0122%
90	11.0045%	8.4029%
Multiplier	60%	60%

Asset Valuation Method

The actuarial value of assets is determined as the expected value of plan assets as of the valuation date plus 20 percent of the difference between the market value and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Expected earnings are determined using the assumed investment rate of return and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

Actuarial Cost Method

The Entry Age Normal actuarial cost method allocates the plan's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability, on an actuarial value of asset basis, with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

The calculation of the amortization period takes into account scheduled increases to contribution rates applicable to future years and payroll growth. Also, the calculation of the amortization period reflects additional contributions the System receives with respect to return to work retirees. These contributions are assumed to grow at the same payroll growth rate as for active employees. It is assumed that amortization payments are made monthly at the end of the month.

Note, the principle financial measurement calculations in this actuarial valuation, which include the unfunded actuarial accrued liability, funded ratio, contribution rates, and funding period, are based on an actuarial value of assets (smoothed value) basis. The actuarial value of assets is a calculated asset value which may be greater than or less than the market value of assets and is used to dampen some of the volatility in the market value of assets. As a result, many of these measures would be different if they were determined on a market value of assets basis.

Unused Annual Leave

To account for the effect of unused annual leave in Average Final Compensation (AFC) of Class Two members, the AFC for Class Two members is increased 3.75 percent at their projected date of termination or retirement. Termination pay for unused annual leave at retirement is not included in the AFC for Class Three Members.

Unused Sick Leave

To account for the effect of unused sick leave on credited service for Class Two members, the service of active Class Two members who retire is increased three months. Unused sick leave is not included in the credited service for Class Three members.

Future Post-Retirement Benefit Adjustments

Benefits are assumed to increase by the lesser of 1 percent annually or \$500 beginning on the July 1st following the receipt of 12 monthly benefit payments. The \$500 limit in the annual increase is not indexed to escalate in future years.

Payroll Growth Rate

The total annual payroll of active members (also applies to rehired retiree participants) is assumed to increase at an annual rate of 3.5 percent.

Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Prior fiscal year payroll projected forward one year using the overall payroll growth rate. This was determined separately for active employees and return to work employees by dividing the actual member contributions received during the prior fiscal year by the applicable member contribution rate for that fiscal year, and then projecting forward at 3.50 percent.
2. Individual salaries used to project benefits: Actual salaries from the past fiscal year are used to determine the final average salary as of the valuation date. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.
3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ended on the valuation date.
4. Percent married: 100 percent of male and 100 percent of female employees are assumed to be married.
5. Age difference: Males are assumed to be four years older than their spouses.
6. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an immediate life annuity.
7. Inactive Population: All non-vested members are assumed to take an immediate refund. Vested members are assumed to take a deferred retirement benefit.
8. There will be no recoveries once disabled.
9. Decrement timing: Decrements of all types are assumed to occur mid-year.
10. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
11. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
12. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
13. Benefit Service: All members are assumed to accrue one year of eligibility service each year.

Participant Data

Participant data was securely supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birth date, gender, service with the current city and total vesting service, salary, and employee contribution account balances. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date. Assumptions were made to correct for missing or inconsistent data. These had no material impact on the results presented.

Police Officers Retirement System

Development of Actuarial Value of Assets

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 4,105,308
2. Market Value of Assets at the Prior Valuation Date	\$ 3,985,102
3. Net External Cash Flow During the Year	
a. Contributions	\$ 273,327
b. Disbursements	(343,371)
c. Subtotal	\$ (70,044)
4. Expected Net Investment Income at 7.50% Earned on:	
a. Actuarial value of assets at the prior valuation date	\$ 307,898
b. Contributions	10,250
c. Disbursements	(12,876)
d. Subtotal	\$ 305,272
5. Expected Actuarial Value of Assets, End of Year (Item 1 + Item 3c + Item 4d)	\$ 4,340,536
6. Market Value of Assets as of the Current Valuation Date	\$ 3,971,825
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6 - Item 5)	\$ (368,711)
8. Excess/(Shortfall) Recognized (20% of Item 7)	\$ (73,742)
9. Actuarial Value of Plan Assets, End of Year (Item 5 + Item 8)	\$ 4,266,794
10. Asset Gain (Loss) for Year (Item 9 - Item 5)	\$ (73,742)
11. Asset gain (loss) as % of the actuarial value of assets	(1.73%)
12. Ratio of Actuarial Value of Assets to Market Value of Assets	107.4%

General Assembly Retirement System

Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the State Fiscal Accountability Authority and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recent experience analysis for the five year period ended July 1, 2015, the Boards adopted a number of changes in the actuarial assumptions which will be utilized beginning with the July 1, 2016 annual valuations. The recommended adjustments to the actuarial assumptions included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The actuary determined that the 7.50 percent return assumption is within a reasonable range per applicable actuarial standards.

The following presents a summary of the actuarial assumptions and methods used in the July 1, 2015 valuation of the South Carolina Retirement System for funding purposes and financial reporting purposes.

Investment Rate of Return

The assumed annual investment rate of return of 7.5 percent net of investment and administrative expenses is composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses.

This is a prescribed assumption in Section 9-16-335 of the South Carolina State Code.

Rates of Annual Salary Increase

No increases in salary are assumed.

Active Member Decrement Rates

- a. Assumed rates of service retirement are shown in the following table. In addition to the rates in the table below, members with 30 years of service are assumed to immediately commence their retirement benefit. Special contributors are assumed to retire at the earlier of attaining age 60 or attaining 22 years of service.

Age Based Retirement Rates

Age	Assumed Rate
60 & Under	40.00%
61-64	7.00%
65-69	15.00%
70 & older	100.00%

- b. An abbreviated table with the assumed rates of disability and mortality while employed is shown below. There is no active employment withdrawal assumption.

General Assembly Retirement System Disability Rates Pre-Retirement Mortality

Age	Disability Rates		Pre-Retirement Mortality	
	Male	Female	Male	Female
25	0.0575%	0.0525%	0.0414%	0.0166%
30	0.1150%	0.0735%	0.0488%	0.0211%
35	0.1725%	0.1470%	0.0850%	0.0380%
40	0.2875%	0.1890%	0.1187%	0.0565%
45	0.4025%	0.2730%	0.1659%	0.0899%
50	0.5750%	0.4620%	0.2352%	0.1341%
55	0.9200%	0.7350%	0.3332%	0.2021%
60	1.1500%	1.1235%	0.5366%	0.3145%
Multiplier			110%	80%

Note: The multiplier has been applied to the decrement in the illustrative table.

General Assembly Retirement System - Post Retirement Mortality

- a. Healthy retirees and beneficiaries-The RP-2000 Mortality Table projected using the AA projection table with multipliers based on plan experience. The following are sample rates.

Healthy Annuitant Mortality Rates Before Projection

Age	Male	Female
50	0.2138%	0.1508%
55	0.3624%	0.2445%
60	0.6747%	0.4550%
65	1.2737%	0.8735%
70	2.2206%	1.5068%
75	3.7834%	2.5295%
80	6.4368%	4.1291%
85	11.0757%	6.9701%
90	18.3408%	11.8514%
Multiplier	100%	90%

Note: The multiplier has been applied to the decrement in the illustrative table.

The following table provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection.

Life Expectancy for an Age 65 Retiree in Years

Gender	Year of Retirement			
	2015	2020	2025	2030
Male	19.6	20.0	20.4	20.7
Female	22.3	22.5	22.7	22.9

- b. A separate table of mortality rates is used for disabled retirees based on the RP-2000 Disabled Retiree Mortality Table. The following are sample rates.

General Assembly Retirement System Disabled Annuitant Mortality Rates

Age	Male	Female
50	2.4629%	1.2689%
55	3.0126%	1.8198%
60	3.5736%	2.4023%
65	4.2648%	3.0829%
70	5.3196%	4.1398%
75	6.9757%	5.7453%
80	9.2966%	7.9543%
85	12.0363%	11.0223%
90	15.5897%	15.4054%
Multiplier	85%	110%

Note: The multiplier has been applied to the decrement in the illustrative table.

Asset Valuation Method

The actuarial value of assets is determined as the expected value of plan assets as of the valuation date plus 20 percent of the difference between the market value and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Expected earnings are determined using the assumed investment rate of return and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

Actuarial Cost Method

The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level dollar amount necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability, on an actuarial value of asset basis, with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

Note, the principle financial measurement calculations in this actuarial valuation, which include the unfunded actuarial accrued liability, funded ratio, contribution rates, and funding period, are based on an actuarial value of assets (smoothed value) basis. The actuarial value of assets is a calculated asset value which may be greater than or less than the market value of assets and is used to dampen some of the volatility in the market value of assets. As a result, many of these measures would be different if they were determined on a market value of assets basis.

Future Cost-of-living Increases

No increases are assumed.

Payroll Growth Rate

None assumed.

Other Assumptions

1. Percent married: 100 percent of active members are assumed to be married.
2. Age difference: Males are assumed to be four years older than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an immediate life annuity.
4. Inactive Population: All non-vested members are assumed to take an immediate refund. Members with a vested benefit are assumed to elect a refund or a deferred benefit commencing at age 60, whichever is more valuable at the valuation date.
5. It is assumed there will be no recoveries once disabled.
6. Decrement timing: Decrements of all types are assumed to occur mid-year.
7. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
8. Benefit Service: All active and special contributing members are assumed to accrue one year of eligibility service each year.

Participant Data

Participant data was securely supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birth date, gender, service with the current city and total vesting service, salary, and employee contribution account balances. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date. Assumptions were made to correct for missing or inconsistent data. These had no material impact on the results presented.

General Assembly Retirement System

Development of Actuarial Value of Assets

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 37,646
2. Market Value of Assets at the Prior Valuation Date	\$ 34,034
3. Net External Cash Flow During the Year	
a. Contributions	\$ 4,644
b. Disbursements	(6,678)
c. Subtotal	\$ (2,034)
4. Expected Net Investment Income at 7.50% Earned on:	
a. Actuarial value of assets at the prior valuation date	\$ 2,823
b. Contributions	334
c. Disbursements	(250)
d. Subtotal	\$ 2,907
5. Expected Actuarial Value of Assets, End of Year (Item 1 + Item 3c + Item 4d)	\$ 38,519
6. Market Value of Assets as of the Current Valuation Date	\$ 32,482
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6 - Item 5)	\$ (6,037)
8. Excess/(Shortfall) Recognized (20% of Item 7)	\$ (1,207)
9. Actuarial Value of Plan Assets, End of Year (Item 5 + Item 8)	\$ 37,312
10. Asset Gain (Loss) for Year (Item 9 - Item 5)	\$ (1,207)
11. Asset Gain (Loss) as % of Actual Actuarial Assets	(3.2%)
12. Ratio of Actuarial Value of Assets to Market Value of Assets	114.9%

Judges and Solicitors Retirement System

Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the State Fiscal Accountability Authority and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recent experience analysis for the five year period ended July 1, 2015, the Boards adopted a number of changes in the actuarial assumptions which will be utilized beginning with the July 1, 2016 annual valuations. The recommended adjustments to the actuarial assumptions included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The actuary determined that the 7.50 percent return assumption is within a reasonable range per applicable actuarial standards.

The following presents a summary of the actuarial assumptions and methods used in the July 1, 2015 valuation of the South Carolina Retirement System for funding purposes and financial reporting purposes.

Investment Rate of Return

The assumed annual investment rate of return of 7.5 percent net of investment and administrative expenses is composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses.

This is a prescribed assumption in Section 9-16-335 of the South Carolina State Code.

Rates of Annual Salary Increase

Rates of salary are assumed to increase at an annual rate of 3 percent.

Active Member Decrement Rates

- a. Assumed rates of service retirement are shown in the following table. In addition to the rates in the table on the following page, all participants are assumed to retire upon reaching the mandatory retirement age of 72.

Judges and Solicitors Retirement System Assumed Rates of Retirement

Solicitors and Public Defenders				Judges			
Age	Service	RIP Eligible	Not RIP Eligible	Age	Service	RIP Eligible	Not RIP Eligible
70 to 72	15 to 23	12%	12%	70 to 72	15 to 24	12%	12%
65 to 69	20 to 23	40%	40%	65 to 69	20 to 24	40%	40%
Any	24	20%	40%	Any	25	15%	25%
Any	25	15%	25%	Any	26	10%	15%
Any	26	10%	12%	Any	27	10%	15%
Any	27	10%	12%	Any	28	10%	15%
Any	28	10%	12%	Any	29	10%	15%
Any	29	5%	12%	Any	30	5%	15%
Any	30	5%	12%	Any	31	5%	15%
Any	31+	100%	N/A	Any	32+	100%	N/A

- c. An abbreviated table with the assumed rates of disability and mortality while employed is shown below. There is no active employment withdrawal assumption.

Judges and Solicitors Retirement System Disability Rates Pre-Retirement Mortality

Age	Disability Rates		Pre-Retirement Mortality	
	Male	Female	Male	Female
25	0.0400%	0.0520%	0.0432%	0.0145%
30	0.0600%	0.0700%	0.0511%	0.0185%
35	0.0800%	0.0700%	0.0889%	0.0333%
40	0.1500%	0.1220%	0.1241%	0.0494%
45	0.2500%	0.2500%	0.1734%	0.0787%
50	0.4000%	0.4000%	0.2459%	0.1173%
55	0.6500%	0.6500%	0.3483%	0.1768%
60	1.0000%	1.0000%	0.5610%	0.2752%
65	1.2500%	1.2500%	0.8082%	0.3800%
Multiplier	N/A		115%	70%

Note: The multiplier has been applied to the decrement in the illustrative table.

Judges and Solicitors Retirement System - Post Retirement Mortality

- a. Healthy retirees and beneficiaries – The valuation assumes fully generational mortality. The base mortality table used is the RP-2000 Mortality Table with White Collar adjustment, adjusted by multipliers documented in the table below. Future mortality improvements are assumed each year using Scale AA. The following are sample rates.

Healthy Annuitant Mortality Rates Before Projection

Age	Male	Female
50	0.2176%	0.1510%
55	0.3632%	0.2457%
60	0.6141%	0.4443%
65	1.2167%	0.8218%
70	2.1203%	1.4426%
75	3.6997%	2.4431%
80	6.5353%	4.0926%
85	11.5132%	7.0483%
90	19.6100%	11.9843%
Multiplier	110%	95%

Note: The multiplier has been applied to the decrement in the illustrative table.

The following table provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection.

Life Expectancy for an Age 65 Retiree in Years

Gender	Year of Retirement			
	2015	2020	2025	2030
Male	19.5	19.9	20.3	20.6
Female	22.4	22.6	22.8	22.9

- b. A separate table of mortality rates is used for disabled retirees based on the RP-2000 Disabled Retiree Mortality Table. The following are sample rates.

Judges and Solicitors Retirement System Disabled Annuitant Mortality Rates

Age	JSRS	
	Male	Female
50	2.173%	1.269%
55	2.658%	1.820%
60	3.153%	2.402%
65	3.763%	3.083%
70	4.694%	4.140%
75	6.155%	5.745%
80	8.203%	7.954%
85	10.620%	11.022%
90	13.756%	15.405%
Multiplier	75%	110%

Note: The multiplier has been applied to the decrement in the illustrative table.

Asset Valuation Method

The actuarial value of assets is determined as the expected value of plan assets as of the valuation date plus 20 percent of the difference between the market value and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Expected earnings are determined using the assumed investment rate of return and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

Actuarial Cost Method

The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability, on an actuarial value of asset basis, with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

The calculation of the amortization period takes into account scheduled increases to contribution rates applicable to future years and payroll growth. Also, the calculation of the amortization period reflects additional contributions the System receives with respect to members in DROP and who are retired-in-place. These contributions are assumed to grow at the same payroll growth rate as for active employees. It is assumed that amortization payments are made monthly at the end of the month.

Note, the principle financial measurement calculations in this actuarial valuation, which include the unfunded actuarial accrued liability, funded ratio, contribution rates, and funding period, are based on an actuarial value of assets (smoothed value) basis. The actuarial value of assets is a calculated asset value which may be greater than or less than the market value of assets and is used to dampen some of the volatility in the market value of assets. As a result, many of these measures would be different if they were determined on a market value of assets basis.

Future Cost-of-living Increases

Future benefits are assumed to increase at an annual rate of 3 percent.

Payroll Growth Rate

The total annual payroll of active members (including DROP and RIP participants) is assumed to increase at an annual rate of 3 percent. This rate represents the underlying expected annual rate of wage inflation and does not anticipate increases in the number of members.

Other Assumptions

1. Percent married: 95 percent of male and female employees are assumed to be married.
2. Age difference: Males are assumed to be four years older than their spouses.

3. Percent electing annuity on death (when eligible): All of the spouses of vested married participants are assumed to elect an immediate life annuity.
4. Inactive Population: All non-vested members are assumed to take an immediate refund. Members with a vested benefit are assumed to elect a deferred benefit commencing at their earliest possible commencement age.
5. There will be no recoveries once disabled.
6. Decrement timing: Decrements of all types are assumed to occur mid-year.
7. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
8. Benefit Service: All active members are assumed to accrue one year of eligibility service each year.

Participant Data

Participant data was securely supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits. The data for active members included birth date, gender, service with the current city and total vesting service, salary, and employee contribution account balances. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code. Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date. Assumptions were made to correct for missing or inconsistent data. These had no material impact on the results presented.

Judges and Solicitors Retirement System

Development of Actuarial Value of Assets

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 152,839
2. Market Value of Assets at the Prior Valuation Date	\$ 147,496
3. Net External Cash Flow During the Year	
a. Contributions	\$ 13,262
b. Disbursements	(16,550)
c. Subtotal	<u>\$ (3,288)</u>
4. Expected Net Investment Income at 7.50% Earned on:	
a. Actuarial value of assets at the prior valuation date	\$ 11,463
b. Contributions	497
c. Disbursements	(621)
d. Subtotal	<u>\$ 11,339</u>
5. Expected Actuarial Value of Assets, End of Year (Item 1 + Item 3c + Item 4d)	\$ 160,890
6. Market Value of Assets as of the Current Valuation Date	\$ 146,353
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6 - Item 5)	\$ (14,537)
8. Excess/(Shortfall) Recognized (20% of Item 7)	\$ (2,907)
9. Actuarial Value of Plan Assets, End of Year, (Item 5 + Item 8)	\$ 157,983
10. Asset Gain (Loss) for Year (Item 9 - Item 5)	\$ (2,907)
11. Asset Gain (loss) as % of the Actuarial Value of Assets	(1.84%)
12. Ratio of Actuarial Value of Assets to Market Value of Assets	107.9%

South Carolina National Guard Supplemental Retirement Plan

Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the State Fiscal Accountability Authority and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recent experience analysis for the five year period ended July 1, 2015, the Boards adopted a number of changes in the actuarial assumptions which will be utilized beginning with the July 1, 2016 annual valuations. The recommended adjustments to the actuarial assumptions included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The actuary determined that the 7.50 percent return assumption is within a reasonable range per applicable actuarial standards.

The following presents a summary of the actuarial assumptions and methods used in the July 1, 2015 valuation of the South Carolina Retirement System for funding purposes and financial reporting purposes.

Investment Rate of Return

The assumed annual investment rate of return of 7.5 percent net of investment and administrative expenses is composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses. This is a prescribed assumption in Section 9-16-335 of the South Carolina State Code.

Rates of Annual Salary Increase

No increases in salary are assumed. The benefit is not related to pay.

Active Member Decrement Rates

- a. Assumed rates of service retirement are shown in the following table. Members who retire prior to age 60 are assumed to defer retirement benefits until age 60.

Age Based Retirement Rates

Age	Rate with 20 or more years of service	Rate with 30 or more years of service
39 & Under	10.00%	100.00%
40-49	10.00%	100.00%
50-59	10.00%	100.00%
60 & older	100.00%	100.00%

- b. An abbreviated table with the assumed rates of disability and mortality while employed is shown below. There is no active employment withdrawal assumption.

South Carolina National Guard Supplemental Retirement Plan Disability Rates Pre-Retirement Mortality

Age	Disability Rates		Pre-Retirement Mortality	
	Males	Females	Males	Females
25	0.0854%	0.0854%	0.0338%	0.0186%
30	0.1100%	0.1100%	0.0653%	0.0264%
35	0.1474%	0.1474%	0.0978%	0.0467%
40	0.2201%	0.2201%	0.1234%	0.0790%
45	0.3595%	0.3595%	0.1614%	0.1248%
50	0.6059%	0.6059%	0.2171%	0.1767%
55	1.0089%	1.0089%	0.3776%	0.2516%
60	1.6269%	1.6269%	0.7443%	0.4454%
Multiplier			90.0%	90.0%

Note: The multiplier has been applied to the decrement in the illustrative table.

Post Retirement Mortality

Retirees and beneficiaries – The valuation assumes fully generational mortality. The base mortality table is 115 percent of the RP-2000 Mortality Table with Blue Collar Adjustment. Future mortality improvements are assumed each year using Scale AA .The following are sample rates.

Annuitant Mortality Rates Before Projection (Multiplier Applied)

Age	Males	Females
50	0.2774%	0.2257%
55	0.4825%	0.3214%
60	0.9511%	0.5691%
65	1.7870%	1.1958%
70	3.0772%	2.1429%
75	4.9601%	3.5521%
80	8.1129%	5.6296%
85	13.2339%	9.5565%
90	20.9021%	15.7189%
Multiplier	115%	115%

Note: The multiplier has been applied to the decrement in the illustrative table.

The following table provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection.

Life Expectancy for an Age 65 Retiree in Years

Gender	Year of Retirement			
	2015	2020	2025	2030
Male	17.8	18.2	18.6	19.0
Female	19.7	19.9	20.1	20.4

South Carolina National Guard Supplemental Retirement Plan

Asset Valuation Method

The actuarial value of assets is determined as the expected value of plan assets as of the valuation date plus 20 percent of the difference between the market value and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Expected earnings are determined using the assumed investment rate of return and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

Actuarial Cost Method

The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level dollar amount necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability, on an actuarial value of asset basis, with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

Note, the principle financial measurement calculations in this actuarial valuation, which include the unfunded actuarial accrued liability, funded ratio, contribution rates, and funding period, are based on an actuarial value of assets (smoothed value) basis. The actuarial value of assets is a calculated asset value which may be greater than or less than the market value of assets and is used to dampen some of the volatility in the market value of assets. As a result, many of these measures would be different if they were determined on a market value of assets basis.

Future Cost-of-Living Increases

No increases are assumed.

Payroll Growth Rate

None assumed.

Other Assumptions

1. There is not a marriage assumption.
2. Decrement timing: Decrements of all types are assumed to occur mid-year.
3. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Participant Data

Participant data was securely supplied in electronic text files. There were separate files for (i) active, and (ii) members receiving benefits.

The data for active members included birth date, gender, total military service, and total South Carolina National Guard service. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Assumptions were made to correct for missing or inconsistent data. These had no material impact on the results presented.

South Carolina National Guard Supplemental Retirement Plan

Development of Actuarial Value of Assets

(Amounts expressed in thousands)

	<u>July 1, 2015</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 24,029
2. Market Value of Assets at the Prior Valuation Date	\$ 22,558
3. Net External Cash Flow During the Year	
a. Contributions	\$ 4,591
b. Disbursements	(4,249)
c. Subtotal	\$ 342
4. Expected Net Investment Income at 7.50% Earned on:	
a. Actuarial value of assets at the prior valuation date	\$ 1,802
b. Contributions	344
c. Disbursements	(159)
d. Subtotal	\$ 1,987
5. Expected Actuarial Value of Assets, End of Year (Item 1 + Item 3c + Item 4d)	\$ 26,358
6. Market Value of Assets as of the Current Valuation Date	\$ 23,202
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6 - Item 5)	\$ (3,156)
8. Excess/(Shortfall) Recognized (20% of Item 7)	\$ (631)
9. Actuarial Value of Plan Assets, End of Year (Item 5 + Item 8)	\$ 25,727
10. Asset Gain (Loss) for Year (Item 9 - Item 5)	\$ (631)
11. Asset Gain (Loss) as % of Actual Actuarial Assets	(2.5%)
12. Ratio of Actuarial Value of Assets to Market Value of Assets	110.9%

South Carolina Retirement System Summary of Historical Active Membership

July 1,	Number of Employers ²	Active Members		Covered Payroll ¹		Average Annual Pay		Average Age	Average Service
		Number	Percent Increase / (Decrease)	Amount in Thousands	Percent Increase / (Decrease)	Amount	Percent Increase / (Decrease)		
2015	816	187,318	1.1%	\$ 7,765,588	3.0%	\$ 41,457	1.86%	45	10.0
2014	810	185,265	0.3%	7,539,996	1.4%	40,698	1.10%	45	10.2
2013	808	184,690	(0.6%)	7,434,820	1.1%	40,256	1.65%	45	10.2
2012	806	185,748	(1.0%)	7,356,231	(4.3%)	39,603	(3.35%)	45	10.4
2011	803	187,611	(1.4%)	7,687,558	(1.1%)	40,976	0.33%	45	10.5
2010	800	190,239	(1.1%)	7,769,820	(4.7%)	40,842	1.20%	45	10.2
2009	781	192,319	(0.3%)	7,761,808	2.7%	40,359	2.95%	45	10.0
2008	776	192,820	2.6%	7,559,172	6.6%	39,203	3.89%	45	9.7
2007	777	187,968	2.0%	7,093,181	5.3%	37,736	3.28%	45	9.8
2006	763	184,282	1.8%	6,733,379	5.9%	36,538	4.06%	45	9.9

¹Covered payroll does not include payroll attributable to members in State ORP, TERI, or working retirees.

²Number of employers that cover employees eligible for SCRS benefits and that contributed to the system during the last fiscal year. Although the state is considered the primary government and includes all state agencies as a single employer, for purposes of this schedule, each state agency is reported separately and counted as an employer.

Police Officers Retirement System Summary of Historical Active Membership

July 1,	Number of Employers ²	Active Members		Covered Payroll ¹		Average Annual Pay		Average Age	Average Service
		Number	Percent Increase / (Decrease)	Amount in Thousands	Percent Increase / (Decrease)	Amount	Percent Increase / (Decrease)		
2015	312	26,575	(0.5%)	\$ 1,105,703	2.7%	\$ 41,607	3.15%	39	9.7
2014	310	26,697	1.9%	1,076,885	4.2%	40,337	2.27%	40	9.5
2013	356	26,194	0.1%	1,033,189	1.4%	39,444	1.31%	40	9.4
2012	325	26,179	(1.8%)	1,019,241	(6.3%)	38,934	(4.60%)	40	9.5
2011	356	26,650	0.3%	1,087,587	1.0%	40,810	0.72%	40	9.6
2010	322	26,568	(0.1%)	1,076,467	(0.7%)	40,517	(0.60%)	40	8.7
2009	318	26,598	0.6%	1,084,154	2.2%	40,761	1.55%	40	8.4
2008	313	26,427	3.0%	1,060,747	6.8%	40,139	3.68%	39	8.2
2007	313	25,645	3.4%	992,849	6.6%	38,715	3.09%	39	8.3
2006	314	24,813	4.3%	931,815	9.5%	37,554	5.05%	40	8.3

¹Covered payroll does not include payroll attributable to working retirees.

²Number of employers that cover employees eligible for PORS benefits and that contributed to the system during the last fiscal year. Although the state is considered the primary government and includes all state agencies as a single employer, for purposes of this schedule, each state agency is reported separately and counted as an employer.

General Assembly Retirement System Summary of Historical Active Membership

July 1,	Number of Employers ²	Active Members		Covered Payroll ¹		Average Annual Pay		Average Age	Average Service
		Number	Percent Increase/ (Decrease)	Amount in Thousands	Percent Increase/ (Decrease)	Amount	Percent Increase/ (Decrease)		
2015	2	104	(9.6%)	\$ 2,338	(10.1%)	\$ 22,481	(.6%)	56	13.4
2014	2	115	(3.4%)	2,601	(3.2%)	22,617	0.1%	55	12.4
2013	2	119	(30.0%)	2,688	(30.3%)	22,588	(.4%)	54	11.8
2012	2	170	0.0%	3,854	0.0%	22,671	0.00%	53	10.8
2011	2	170	0.0%	3,854	0.0%	22,671	0.00%	53	9.8
2010	2	170	0.0%	3,854	0.0%	22,671	0.00%	52	10.2
2009	2	170	0.0%	3,854	0.0%	22,671	0.00%	51	9.0
2008	2	170	0.0%	3,854	0.0%	22,671	0.00%	52	10.4
2007	2	170	0.0%	3,854	0.0%	22,671	0.00%	52	10.8
2006	2	170	0.0%	3,854	0.0%	22,671	0.00%	51	10.6

¹For valuations prior to 2013 the annual covered payroll included the payroll of filled and unfilled positions.

²Number of employers that cover employees eligible for GARS benefits and that contributed to the system during the last fiscal year. Although the state is considered the primary government and includes all state agencies as a single employer, for purposes of this schedule, each state agency is reported separately and counted as an employer.

Judges and Solicitors Retirement System Summary of Historical Active Membership

July 1,	Number of Employers ²	Active Members		Covered Payroll ¹		Average Annual Pay		Average Age	Average Service
		Number	Percent Increase/ (Decrease)	Amount in Thousands	Amount	Percent Increase/ (Decrease)			
2015	3	159		\$ 21,267	\$ 133,756	0.28%	57	15.1	
2014	3	153		20,815	136,048	2.00%	56	15.1	
2013	3	153		20,407	133,381	(0.07%)	56	15.5	
2012	3	144		19,221	133,476	3.00%	56	15.1	
2011	3	144		18,661	129,590	0.00%	55	14.3	
2010	3	144		18,661	129,590	0.00%	55	15.0	
2009	3	144		18,661	129,590	0.00%	55	15.4	
2008	3	144		18,661	129,590	1.10%	54	15.7	
2007	2	128		16,407	128,176	3.00%	55	19.4	
2006	2	128		15,929	124,445	3.00%	55	20.1	

¹Includes filled and unfilled positions and members in DROP or retired-in-place.

²Number of employers that cover employees eligible for JSRS benefits and that contributed to the system during the last fiscal year. Although the state is considered the primary government and includes all state agencies as a single employer, for purposes of this schedule, each state agency is reported separately and counted as an employer.

South Carolina National Guard Supplemental Retirement Plan Summary of Historical Active Membership

July 1,	Number of Employers	Number of Members	Annual Payroll ¹	Average Pay ¹	Percent Increase in Average Pay ¹	Average Age	Average Service
2015	1	12,165	N/A	N/A	N/A	32	9.7
2014	1	12,221	N/A	N/A	N/A	32	9.7
2013	1	11,997	N/A	N/A	N/A	32	9.5
2012	1	12,041	N/A	N/A	N/A	32	9.2
2011	1	12,271	N/A	N/A	N/A	32	9.3
2010	1	12,445	N/A	N/A	N/A	32	9.0
2009	1	12,599	N/A	N/A	N/A	32	8.7
2008	1	12,559	N/A	N/A	N/A	31	8.0
2007 ²	1	11,076	N/A	N/A	N/A	32	10.0
2006	1	2,502	N/A	N/A	N/A	45	23.0

¹Not applicable as this is a non-contributory plan.

²Effective January 1, 2007, guardsmen who became members of the South Carolina National Guard after June 30, 1993, became eligible for membership.

South Carolina Retirement System Summary of Active Membership Data

As of July 1, 2015

(Dollar amounts expressed in thousands)

<u>Group</u>	<u>Number¹</u>	<u>Annual Compensation²</u>
State employees	49,938	\$ 2,171,789
Public school employees	83,865	3,235,918
Other agency employees	53,515	2,010,806
Total	187,318	\$ 7,418,513

¹In addition, there are 164,509 inactive members with contributions still in the system. The results of the valuation were adjusted to take these members into account.

²Total compensation is the annualized pay for the prior year.

Police Officers Retirement System Summary of Active Membership Data

As of July 1, 2015

(Dollar amounts expressed in thousands)

<u>Group</u>	<u>Number¹</u>	<u>Annual Compensation²</u>
State employees	9,442	\$ 349,087
Public school employees	0	0
Other agency employees	17,133	703,923
Total	26,575	\$ 1,053,010

¹In addition, there are 14,149 inactive members with contributions still in the system. The results of the valuation were adjusted to take these members into account.

²Total compensation is the annualized pay for the prior year.

General Assembly Retirement System Summary of Active Membership Data

As of July 1, 2015

(Dollar amounts expressed in thousands)

<u>Number¹</u>	<u>Annual Compensation</u>
104	\$ 2,338

¹There are 36 inactive members with contributions still in the system, and there are 16 special contributors. The results of the valuation were adjusted to take these members into account. Numbers shown above include members receiving retirement benefits while continuing in office.

Judges and Solicitors Retirement System Summary of Active Membership Data

As of July 1, 2015

(Dollar amounts expressed in thousands)

<u>Number¹</u>	<u>Annual Compensation</u>
157	\$ 21,267

¹The number of active members reflects the number of seats, including 20 participants who are either in the DROP or have retired in place and are receiving retirement benefits while continuing in office. There are two inactive members with contributions still in the system. The results of the valuation were adjusted to take these members into account.

South Carolina Retirement System Summary of Membership Data

	July 1, 2015	July 1, 2014
1. Service retirees		
a. Number ¹	112,242	109,150
b. Total annual benefits	\$ 2,391,772,188	\$ 2,315,655,082
c. Average annual benefits	\$ 21,309	\$ 21,215
d. Average age at the valuation date	69.5	69.2
2. Disabled retirees		
a. Number	13,349	13,584
b. Total annual benefits	\$ 183,766,967	\$ 185,574,607
c. Average annual benefits	\$ 13,766	\$ 13,661
d. Average age at the valuation date	63.5	62.8
3. Beneficiaries		
a. Number	9,049	8,776
b. Total annual benefits	\$ 108,007,534	\$ 103,486,720
c. Average annual benefits	\$ 11,936	\$ 11,792
d. Average age at the valuation date	67.6	67.6

¹Includes members in TERI and working retirees.

Police Officers Retirement System Summary of Membership Data

	July 1, 2015	July 1, 2014
1. Service retirees		
a. Number	12,941	12,485
b. Total annual benefits	\$ 265,095,859	\$ 254,520,214
c. Average annual benefits	\$ 20,485	\$ 20,386
d. Average age at the valuation date	64.6	64.2
2. Disabled retirees		
a. Number	2,475	2,380
b. Total annual benefits	\$ 50,548,301	\$ 48,179,102
c. Average annual benefits	\$ 20,424	\$ 20,243
d. Average age at the valuation date	54.5	54.1
3. Beneficiaries		
a. Number	1,293	1,238
b. Total annual benefits	\$ 15,684,378	\$ 14,938,347
c. Average annual benefits	\$ 12,130	\$ 12,067
d. Average age at the valuation date	67.5	67.8

General Assembly Retirement System Summary of Membership Data

	<u>July 1, 2015</u>	<u>July 1, 2014</u>
1. Service retirees		
a. Number	281	275
b. Total annual benefits	\$ 5,510,955	\$ 5,425,601
c. Average annual benefits	\$ 19,612	\$ 19,729
d. Average age at the valuation date	72.6	72.1
2. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ 0	\$ 0
c. Average annual benefits	\$ 0	\$ 0
d. Average age at the valuation date	N/A	N/A
3. Beneficiaries		
a. Number	81	80
b. Total annual benefits	\$ 1,154,786	\$ 1,170,797
c. Average annual benefits	\$ 14,257	\$ 14,635
d. Average age at the valuation date	77.7	77.6

Judges and Solicitors Retirement System Summary of Membership Data

	<u>July 1, 2015</u>	<u>July 1, 2014</u>
1. Service retirees		
a. Number ¹	151	148
b. Total annual benefits	\$ 15,075,781	\$ 14,784,469
c. Average annual benefits	\$ 99,840	\$ 99,895
d. Average age at the valuation date	70.5	70.3
2. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ 0	\$ 0
c. Average annual benefits	\$ 0	\$ 0
d. Average age at the valuation date	N/A	N/A
3. Beneficiaries		
a. Number	55	56
b. Total annual benefits	\$ 1,586,613	\$ 1,617,934
c. Average annual benefits	\$ 28,848	\$ 28,892
d. Average age at the valuation date	69.9	69.5

¹Includes members in DROP and retired-in-place. It does not include unfilled positions.

South Carolina National Guard Supplemental Retirement Plan Summary of Membership Data

	July 1, 2015	July 1, 2014
1. Active members		
a. Males	9,967	10,075
b. Females	2,198	2,146
c. Total members	12,165	12,221
d. Average age	32.2	32.1
e. Average service	9.7	9.7
 2. Vested inactive members		
a. Number	2,052	2,130
b. Total annual deferred benefits	\$ 1,611,900	\$ 1,670,520
c. Average annual deferred benefits	\$ 786	\$ 784
 3. Service retirees		
a. Number	4,647	4,628
b. Total annual benefits	\$ 4,249,920	\$ 4,229,880
c. Average annual benefit	\$ 915	\$ 914
d. Average age	70.2	69.7

South Carolina Retirement System

Schedule of Retirants Added to and Removed from Rolls¹

(Amounts except average allowance expressed in thousands)

July 1,	Added to Rolls ²		Removed from Rolls ³		Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2015	6,640	\$ 133,490	3,510	\$ 54,660	134,640	\$ 2,683,547	3.0%	\$ 19,931
2014	7,084	148,060	3,270	49,971	131,510	2,604,716	3.9%	19,806
2013	9,088	204,581	3,319	50,142	127,696	2,506,627	6.6%	19,630
2012	9,523	205,050	2,968	44,099	121,927	2,352,188	7.3%	19,292
2011	6,336	141,242	2,358	31,382	115,372	2,191,236	5.3%	18,993
2010	6,596	151,348	3,216	44,049	111,394	2,081,376	5.4%	18,685
2009	6,190	101,813	2,698	36,834	108,014	1,974,077	3.4%	18,276
2008	6,021	132,856	2,396	30,178	104,522	1,909,098	5.7%	18,265
2007	5,944	130,286	2,252	28,455	100,897	1,806,420	6.0%	17,904
2006	4,621	118,271	2,083	24,099	97,205	1,704,589	5.8%	17,536

¹Includes Teacher and Employee Retention Incentive (TERI) participants.

Police Officers Retirement System

Schedule of Retirants Added to and Removed from Rolls

(Amounts except average allowance expressed in thousands)

July 1,	Added to Rolls ²		Removed from Rolls ³		Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2015	968	\$ 19,767	362	\$ 6,076	16,709	\$ 331,329	4.3%	\$ 19,829
2014	818	16,881	332	5,650	16,103	317,638	3.7%	19,725
2013	1,278	27,584	314	5,106	15,617	306,407	7.9%	19,620
2012	1,566	34,086	271	4,143	14,653	283,929	11.8%	19,377
2011	1,042	22,580	250	2,970	13,358	253,986	8.4%	19,014
2010	943	21,877	327	5,000	12,566	234,376	7.8%	18,652
2009	931	17,937	267	3,879	11,950	217,499	6.9%	18,201
2008	779	17,458	194	2,691	11,286	203,441	7.8%	18,026
2007	772	16,474	205	2,745	10,701	188,674	7.8%	17,631
2006	678	16,880	205	2,691	10,134	174,945	8.8%	17,263

²Annual benefits added to rolls includes the benefit adjustments provided to continuing retirees.

³The removed from rolls count does not include members who are replaced by beneficiaries

General Assembly Retirement System

Schedule of Retirants Added to and Removed from Rolls

(Amounts except average allowance expressed in thousands)

July 1,	Added to Rolls ²		Removed from Rolls ³		Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2015	15	\$ 262	8	\$ 193	362	\$ 6,666	1.1%	\$ 18,414
2014	12	200	20	358	355	6,596	-2.3%	18,581
2013	22	444	17	353	363	6,754	1.4%	18,606
2012	16	251	11	130	358	6,663	1.8%	18,611
2011	12	238	5	108	353	6,542	2.0%	18,534
2010	7	148	14	261	346	6,412	-1.7%	18,532
2009	26	505	15	266	353	6,525	3.8%	18,484
2008	19	337	10	134	342	6,286	3.3%	18,380
2007	18	321	2	13	333	6,083	5.3%	18,267
2006	13	238	8	179	317	5,775	1.0%	18,218

²Annual benefits added to rolls includes benefit adjustments for continuing retirees.

³The removed from rolls count does not include members who are replaced by beneficiaries.

Judges and Solicitors Retirement System

Schedule of Retirants Added to and Removed from Rolls¹

(Amounts except average allowance expressed in thousands)

July 1,	Added to Rolls ²		Removed from Rolls ³		Rolls End of the Year		% Increase in Annual Benefits	Average Annual Benefits
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2015	8	\$ 757	6	\$ 497	206	\$ 16,662	1.6%	\$ 80,883
2014	7	637	4	192	204	16,402	2.8%	80,402
2013	10	279	9	42	201	15,957	1.5%	79,388
2012	6	912	4	184	200	15,720	4.9%	78,600
2011	9	827	5	196	198	14,992	4.4%	75,717
2010	18	1,210	8	593	194	14,361	4.5%	74,025
2009	10	903	4	259	184	13,744	4.9%	74,696
2008	6	545	3	156	178	13,100	3.1%	73,596
2007	32	2,690	1	30	175	12,711	26.5%	72,634
2006	4	464	1	28	144	10,051	4.5%	69,799

¹Beginning July 1, 2007, includes participants who have retired in place.

²Annual benefits added to rolls includes benefit adjustments for continuing retirees.

³The removed from rolls count does not include members who are replaced by beneficiaries.

South Carolina National Guard Supplemental Retirement Plan Schedule of Retirants Added to and Removed from Rolls

(Amounts except average allowance expressed in thousands)

	Added to Rolls		Removed from Rolls		Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	July 1, Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2015	155	\$ 142	136	\$ 122	4,647	\$ 4,250	0.5%	\$ 915
2014	195	165	108	103	4,628	4,230	3.9%	914
2013	244	211	122	116	4,541	4,168	2.3%	918
2012	259	228	92	87	4,419	4,073	3.6%	922
2011	399	351	98	93	4,252	3,932	7.0%	925
2010	267	237	101	99	3,951	3,674	3.9%	930
2009	378	335	85	83	3,785	3,536	7.7%	934
2008	364	331	76	75	3,492	3,284	8.5%	940
2007	362	329	61	58	3,204	3,028	9.8%	945
2006	303	276	90	91	2,903	2,757	7.2%	950

Schedule of Funding Progress¹

(Amounts expressed in thousands)

SCRS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll ²	UAAL as % of Payroll
	2015	\$ 27,365,921	\$ 44,119,176	\$ 16,753,255	62.0%	\$ 7,765,588	215.7%
	2014	26,910,740	42,889,614	15,978,874	62.7%	7,539,996	211.9%
	2013	25,753,068	41,196,062	15,442,994	62.5%	7,434,820	207.7%
	2012	25,540,749	39,457,708	13,916,959	64.7%	7,356,231	189.2%
	2011	25,604,823	38,011,610	12,406,787	67.4%	7,687,558	161.4%
	2010	25,400,331	38,774,029	13,373,698	65.5%	7,769,820	172.1%
	2009	25,183,062	37,150,315	11,967,253	67.8%	7,761,808	154.2%
	2008	24,699,678	35,663,419	10,963,741	69.3%	7,559,172	145.0%
	2007	23,541,438	33,766,678	10,225,240	69.7%	7,093,181	144.2%
	2006	22,293,446	32,018,519	9,725,073	69.6%	6,733,379	144.4%

PORS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll ²	UAAL as % of Payroll
	2015	\$ 4,266,794	\$ 6,162,095	\$ 1,895,301	69.2%	\$ 1,105,703	171.4%
	2014	4,105,308	5,905,828	1,800,520	69.5%	1,076,885	167.2%
	2013	3,922,041	5,663,756	1,741,715	69.2%	1,033,189	168.6%
	2012	3,808,934	5,357,492	1,548,558	71.1%	1,019,241	151.9%
	2011	3,728,241	5,122,501	1,394,260	72.8%	1,087,587	128.2%
	2010	3,612,700	4,850,457	1,237,757	74.5%	1,076,467	115.0%
	2009	3,482,220	4,564,111	1,081,891	76.3%	1,084,154	99.8%
	2008	3,363,136	4,318,955	955,819	77.9%	1,060,747	90.1%
	2007	3,160,240	3,730,544	570,304	84.7%	992,849	57.4%
	2006	2,935,841	3,466,281	530,440	84.7%	931,815	56.9%

¹Funding progress for July 1, 2011, valuation adjusted to reflect pension reform legislation in Act 278.

²Covered payroll does not include payroll attributable to members in State ORP, TERI or working retirees.

Effective 7-1-2008, actuarial assumptions for SCRS were changed as a result of a 5 year experience study. Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

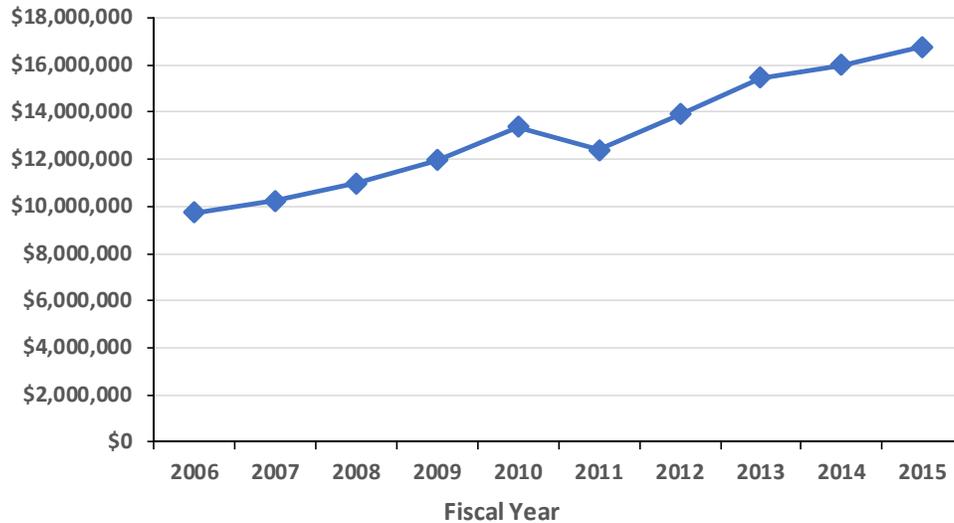
Effective 7-1-2011, actuarial assumptions were changed as a result of a 5 year experience study. The investment return assumption, inflation assumption, rate of salary increases, payroll growth assumption, post-retirement mortality assumption for all groups, retirement rates and termination rates were revised for both SCRS and PORS. The actuarial valuation of asset method was changed from one that recognized the difference between the expected and actual return on the market value of assets over a 10-year period, to a modified 5-year asset smoothing method for both SCRS and PORS. In addition, there were minor changes to the rates of disability incidence for SCRS.

Effective 7-1-2012, disability and retirement rates were updated to more appropriately reflect the anticipated plan experience as a result of the enactment of Act 278. Act 278 became law in June 2012, which resulted in substantial changes to the benefit provisions of both SCRS and PORS.

South Carolina Retirement System Funding Progress with Funded Ratios¹

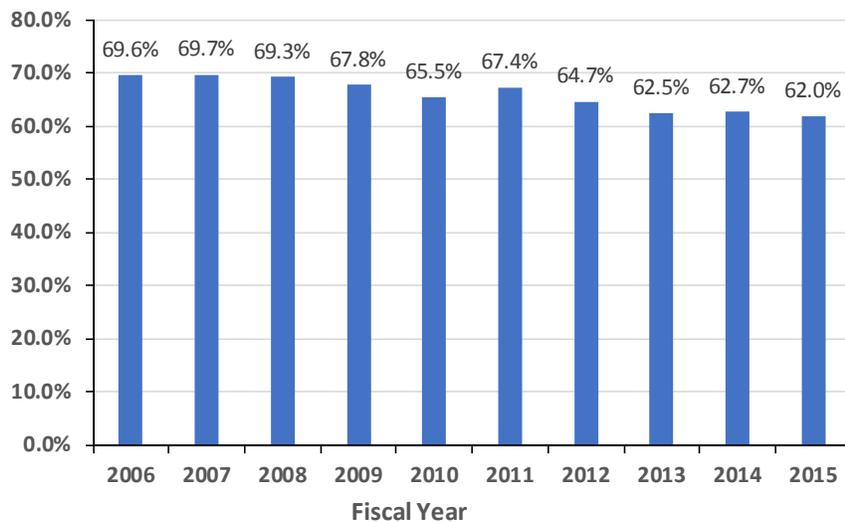
Unfunded Accrued Liabilities

(Amounts expressed in thousands)



Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)

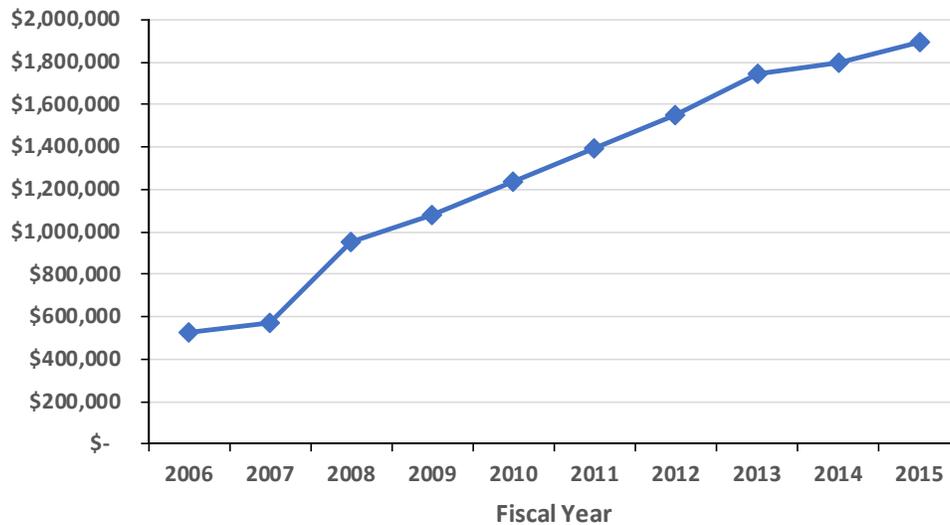


¹A 10-year schedule of actuarially determined and actual contributions can be found in the Required Supplementary Information portion of the Financial Section as part of the Schedule of Employers' Contributions.

Police Officers Retirement System Funding Progress with Funded Ratios¹

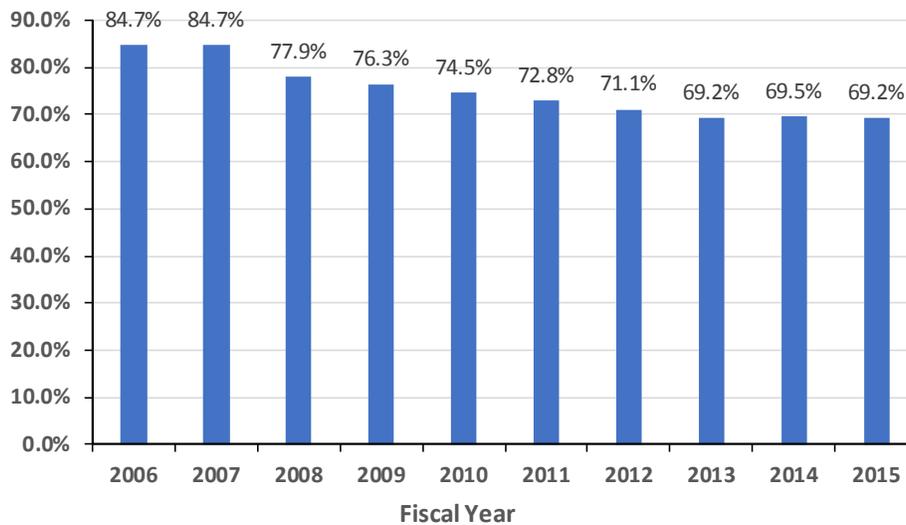
Unfunded Accrued Liabilities

(Amounts expressed in thousands)



Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



¹A 10-year schedule of actuarially determined and actual contributions can be found in the Required Supplementary Information portion of the Financial Section as part of the Schedule of Employers' Contributions.

Schedule of Funding Progress

(Amounts expressed in thousands)

GARS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll ¹	UAAL as % of Payroll
	2015	\$ 37,312	\$ 74,509	\$ 37,197	50.1%	\$ 2,338	1,591.0%
	2014	37,646	74,514	36,868	50.5%	2,601	1,417.5%
	2013	38,033	75,639	37,606	50.3%	2,688	1,399.0%
	2012	39,233	74,332	35,099	52.8%	3,854	910.7%
	2011	41,484	74,604	33,120	55.6%	3,854	859.4%
	2010	43,712	68,671	24,959	63.7%	3,854	647.6%
	2009	45,891	68,491	22,600	67.0%	3,854	586.4%
	2008	47,189	69,122	21,933	68.3%	3,854	569.1%
	2007	46,925	71,014	24,089	66.1%	3,854	625.0%
	2006	46,075	69,734	23,659	66.1%	3,854	613.9%

¹For valuations prior to 2013, the annual covered payroll included the payroll of filled and unfilled positions.

JSRS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	2015	\$ 157,983	\$ 269,675	\$ 111,692	58.6%	\$ 21,267	525.2%
	2014	152,839	264,293	111,454	57.8%	20,815	535.4%
	2013	147,648	256,988	109,340	57.5%	20,407	535.8%
	2012	145,604	251,729	106,125	57.8%	19,221	552.1%
	2011	144,927	243,514	98,587	59.5%	18,661	528.3%
	2010	142,871	215,823	72,952	66.2%	18,661	390.9%
	2009	141,797	214,363	72,566	66.1%	18,661	388.9%
	2008	138,323	213,406	75,083	64.8%	18,661	402.4%
	2007	132,990	229,388	96,398	58.0%	16,407	587.5%
	2006	124,837	211,384	86,547	59.1%	15,929	543.3%

Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

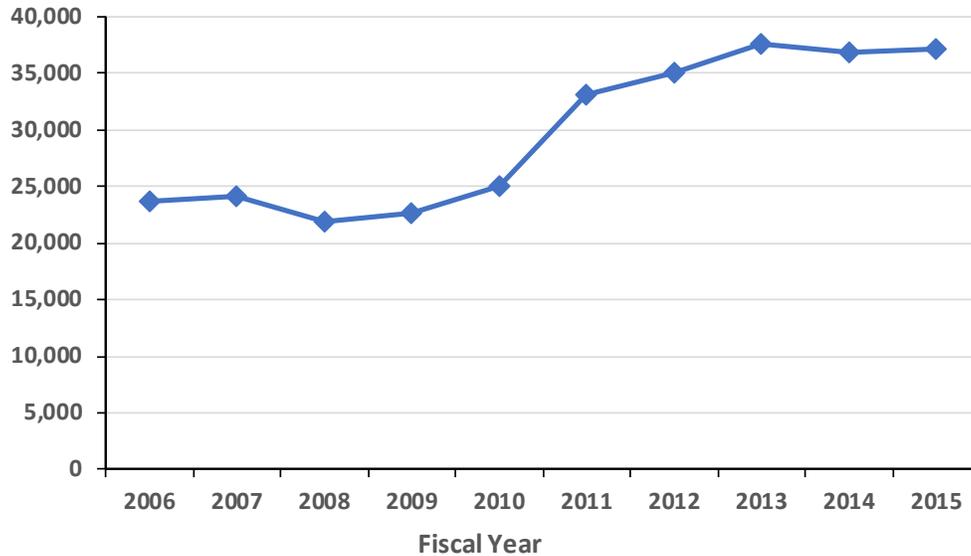
Effective 7-1-2011, actuarial assumptions were changed as a result of a 5 year experience study. The investment return assumption, inflation assumption and the mortality assumption were revised for both GARS and JSRS. The actuarial valuation of asset method was changed from one that recognized the difference between the expected and actual return on the market value of assets over a 10-year period, to a modified 5-year asset smoothing method for both GARS and JSRS.

Effective 7-1-2012, Act 278 became law in June 2012 and increased the member contribution rate from 10 percent of pay to 11 percent of pay effective 1-1-2013 for GARS members. The legislation also closed GARS to new members. Newly elected members of the General Assembly on or after the general election of 2012 shall elect to become members of SCRS, State ORP or non-membership.

General Assembly Retirement System Funding Progress with Funded Ratios¹

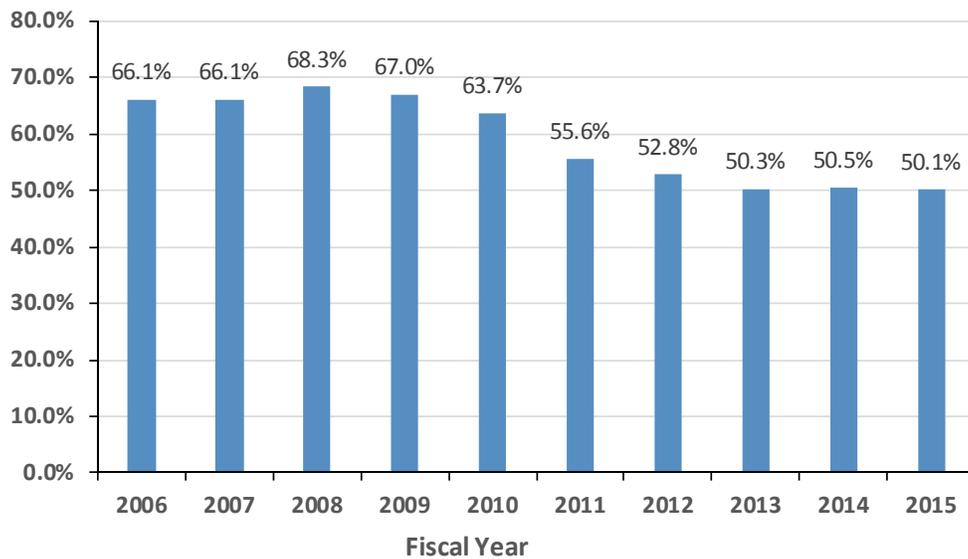
Unfunded Accrued Liabilities

(Amounts expressed in thousands)



Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)

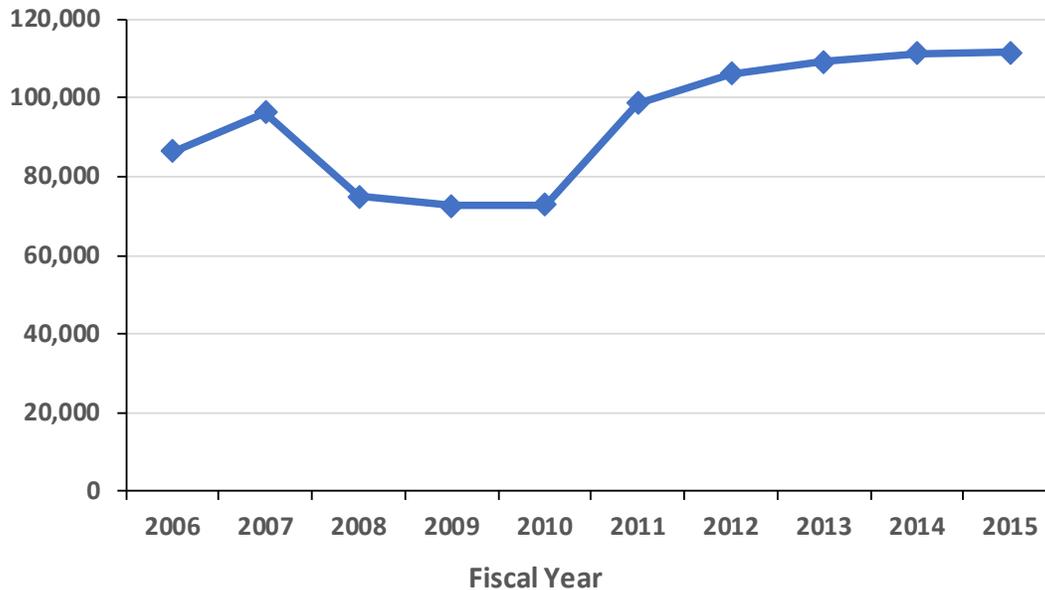


¹ A 10-year schedule of actuarially determined and actual contributions can be found in the Required Supplementary Information portion of the Financial Section as part of the Schedule of Employers' Contributions.

Judges and Solicitors Retirement System Funding Progress with Funded Ratios¹

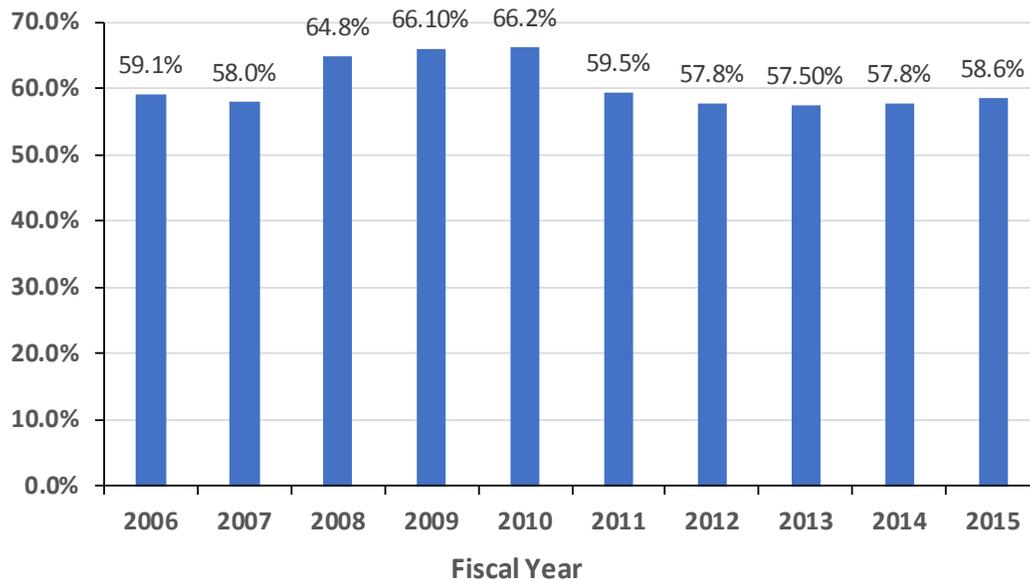
Unfunded Accrued Liabilities

(Amounts expressed in thousands)



Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



¹A 10-year schedule of actuarially determined and actual contributions can be found in the Required Supplementary Information portion of the Financial Section as part of the Schedule of Employers' Contributions.

Schedule of Funding Progress

(Amounts expressed in thousands)

SCNG	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	2015	\$ 25,727	\$ 62,141	\$ 36,414	41.4%	N/A	N/A
	2014	24,029	62,100	38,071	38.7%	N/A	N/A
	2013	22,208	61,576	39,368	36.1%	N/A	N/A
	2012	20,814	60,942	40,128	34.2%	N/A	N/A
	2011	20,138	60,388	40,250	33.3%	N/A	N/A
	2010	19,458	54,153	34,695	35.9%	N/A	N/A
	2009	18,600	53,421	34,821	34.8%	N/A	N/A
	2008	17,426	53,534	36,108	32.6%	N/A	N/A
	2007	15,937	55,917	39,980	28.5%	N/A	N/A
	2006	14,046	48,755	34,709	28.8%	N/A	N/A

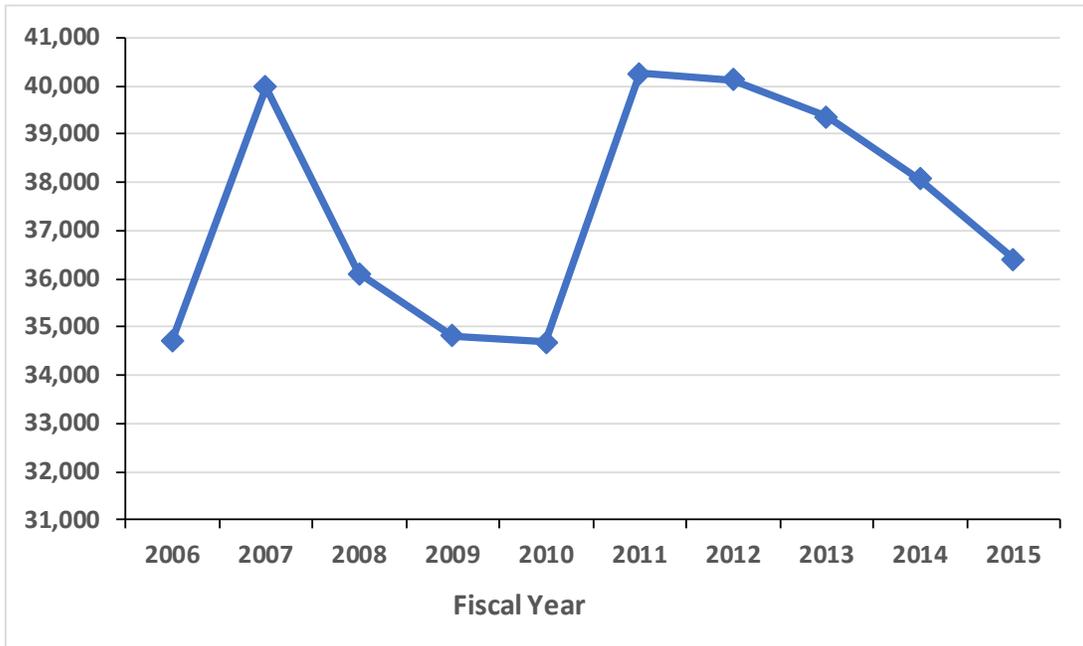
Note: Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

Effective 7-1-2011, actuarial assumptions were changed as a result of a 5 year experience study. The investment return assumption, inflation assumption and the mortality assumption were revised for SCNG. The actuarial valuation of asset method was changed from one that recognized the difference between the expected and actual return on the market value of assets over a 10-year period, to a modified 5-year asset smoothing method for SCNG.

South Carolina National Guard Supplemental Retirement Plan Funding Progress with Funded Ratios¹

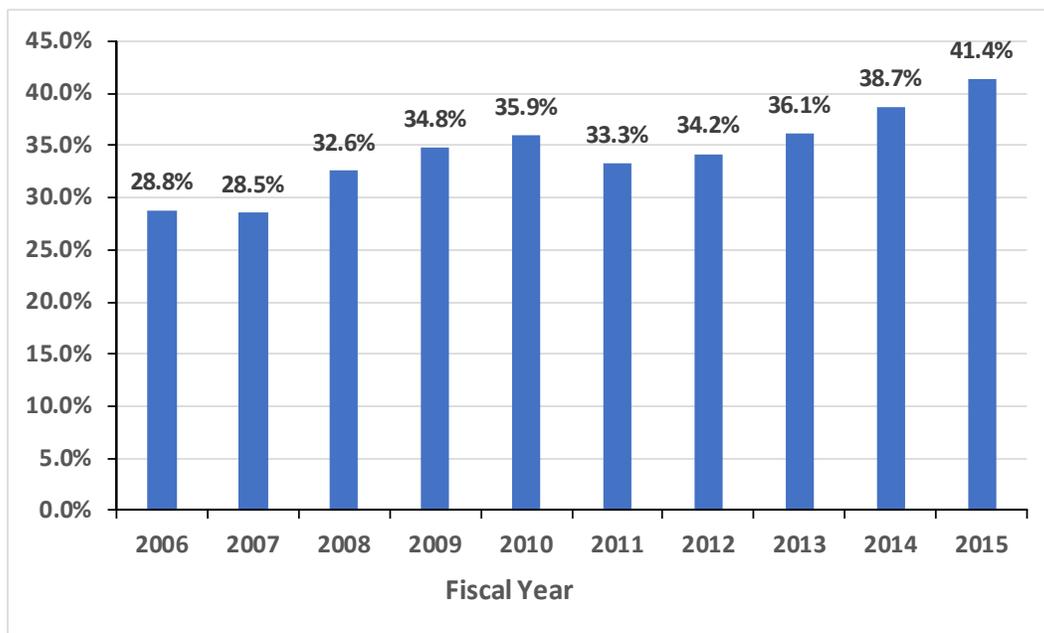
Unfunded Accrued Liabilities

(Amounts expressed in thousands)



Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



¹A 10-year schedule of actuarially determined and actual contributions can be found in the Required Supplementary Information portion of the Financial Section as part of the Schedule of Employers' Contributions.

South Carolina Retirement System Reconciliation of UAAL

As of July 1, 2015
(Amounts expressed in thousands)

Item	<u>Amount of Increase/Decrease</u>
Beginning of year UAAL	\$ 15,978,874
Interest on UAAL	1,198,416
Amortization payment	(978,816)
Assumption/method changes	0
Asset experience	558,523
Salary experience	(76,578)
Other liability experience	72,836
Legislative changes	0
End of year UAAL	<u>\$ 16,753,255</u>

Police Officers Retirement System Reconciliation of UAAL

As of July 1, 2015
(Amounts expressed in thousands)

Item	<u>Amount of Increase/Decrease</u>
Beginning of year UAAL	\$ 1,800,520
Interest on UAAL	135,039
Amortization payment	(113,446)
Assumption/method changes	0
Asset experience	73,742
Salary experience	1,883
Other liability experience	(2,437)
Legislative changes	0
End of year UAAL	<u>\$ 1,895,301</u>

General Assembly Retirement System Reconciliation of UAAL

As of July 1, 2015
(Amounts expressed in thousands)

Item	Amount of Increase/Decrease
Beginning of year UAAL	\$ 36,868
Interest on UAAL	2,765
Amortization payment	(4,153)
Assumption change	0
Asset experience	1,207
Liability experience	510
Legislative changes	0
End of year UAAL	<u>\$ 37,197</u>

Judges and Solicitors Retirement System Reconciliation of UAAL

As of July 1, 2015
(Amounts expressed in thousands)

Item	Amount of Increase/Decrease
Beginning of year UAAL	\$ 111,454
Interest on UAAL	8,359
Amortization payment	(7,104)
Assumption/method changes	0
Asset experience	3,104
COLA	(5,377)
Salary experience	(594)
Other liability experience	1,381
Legislative changes	469
End of year UAAL	<u>\$ 111,692</u>

South Carolina National Guard Supplemental Retirement Plan Reconciliation of UAAL

As of July 1, 2015
(Amounts expressed in thousands)

Item:	<u>Amount of Increase/Decrease</u>
Beginning of year UAAL	\$ 38,071
Interest on UAAL	2,855
Amortization payment	(4,193)
Assumption change	0
Asset experience	631
Liability experience	(950)
Legislative changes	0
End of year UAAL	<u>\$ 36,414</u>

Solvency Test

(Amounts expressed in thousands)

SCRS	Actuarial Accrued Liability					Portion of Aggregate Accrued Liabilities Covered by Assets		
	July 1,	Active Member Contributions	Retirants & Beneficiaries	Active & Inactive Members (Employer Financed)	Valuation Assets	Active	Retirants	ER Financed
	2015	\$ 7,054,277	\$ 28,645,954	\$ 8,418,945	\$ 27,365,921	100%	70.9%	0%
	2014	6,717,327	27,942,644	8,229,643	26,910,740	100%	72.3%	0%
	2013	6,491,895	26,548,472	8,155,695	25,753,068	100%	72.6%	0%
	2012	6,459,192	24,732,406	8,266,110	25,540,749	100%	77.2%	0%
	2011	6,472,646	23,160,658	8,378,306	25,604,823	100%	82.6%	0%
	2010	6,222,854	22,585,243	9,965,932	25,400,331	100%	84.9%	0%
	2009	5,980,022	21,381,561	9,788,732	25,183,062	100%	89.8%	0%
	2008	5,708,022	20,624,862	9,329,937	24,699,678	100%	92.1%	0%
	2007	5,464,756	19,084,672	9,217,250	23,541,438	100%	94.7%	0%
	2006	5,229,175	17,800,254	8,989,090	22,293,446	100%	95.9%	0%
PORS	2015	\$ 905,768	\$ 3,624,713	\$ 1,631,614	\$ 4,266,794	100%	92.7%	0.0%
	2014	850,383	3,490,161	1,565,284	4,105,308	100%	93.3%	0.0%
	2013	793,414	3,385,496	1,484,846	3,922,041	100%	92.4%	0.0%
	2012	773,710	3,118,016	1,465,766	3,808,934	100%	97.3%	0.0%
	2011	786,724	2,784,144	1,551,633	3,728,241	100%	100.0%	10.1%
	2010	758,695	2,577,772	1,513,990	3,612,700	100%	100.0%	18.2%
	2009	726,214	2,348,685	1,489,212	3,482,220	100%	100.0%	27.4%
	2008	697,423	2,183,645	1,437,887	3,363,136	100%	100.0%	33.5%
	2007	658,023	1,818,914	1,253,607	3,160,240	100%	100.0%	54.5%
	2006	622,008	1,668,449	1,175,824	2,935,841	100%	100.0%	54.9%

Effective 7-1-2008, actuarial assumptions for SCRS were changed as a result of a 5 year experience study. Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

July 1, 2011, valuation results were adjusted to reflect pension reform legislation in Act 278.

Solvency Test

(Amounts expressed in thousands)

GARS	July 1,	Actuarial Accrued Liability				Portion of Aggregate Accrued Liabilities Covered by Assets			
		Active Member Contributions	Retirants & Beneficiaries	Active & Inactive Members (Employer Financed)	Valuation Assets	Active	Retirants	ER Financed	
	2015	\$ 7,295	\$ 58,384	\$ 8,830	\$ 37,312	100%	51.4%	0%	
	2014	7,358	58,098	9,058	37,646	100%	52.1%	0%	
	2013	7,164	59,592	8,883	38,033	100%	51.8%	0%	
	2012	7,267	58,213	8,852	39,233	100%	54.9%	0%	
	2011	7,100	58,291	9,213	41,484	100%	59.0%	0%	
	2010	7,265	53,486	7,920	43,712	100%	68.1%	0%	
	2009	6,822	54,586	7,083	45,891	100%	71.6%	0%	
	2008	7,265	53,240	8,617	47,189	100%	75.0%	0%	
	2007	7,735	54,115	9,164	46,925	100%	72.4%	0%	
	2006	8,094	51,870	9,770	46,075	100%	73.2%	0%	
JSRS	2015	\$ 24,650	\$ 186,481	\$ 58,544	\$ 157,983	100%	71.5%	0%	
	2014	22,926	184,625	56,742	152,839	100%	70.4%	0%	
	2013	21,369	178,526	57,093	147,648	100%	70.7%	0%	
	2012	20,005	177,483	54,241	145,604	100%	70.8%	0%	
	2011	18,864	169,841	54,809	144,927	100%	74.2%	0%	
	2010	17,816	150,696	47,311	142,871	100%	83.0%	0%	
	2009	18,431	144,464	51,468	141,797	100%	85.4%	0%	
	2008	17,367	141,510	54,529	138,323	100%	85.5%	0%	
	2007	18,999	149,435	60,954	132,990	100%	76.3%	0%	
	2006	21,857	112,823	76,704	124,837	100%	91.3%	0%	

Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

Solvency Test

(Amounts expressed in thousands)

SCNG	Actuarial Accrued Liability				Portion of Aggregate Accrued Liabilities Covered by Assets				
	July 1,	Active Member Contributions	Retirants & Beneficiaries	Active & Inactive Members (Employer Financed)	Valuation Assets	Active	Retirants	ER Financed	
2015	\$	0	\$ 33,521	\$ 28,620	\$ 25,727	N/A	76.7%	0%	
2014		0	33,739	28,361	24,029	N/A	71.2%	0%	
2013		0	33,590	27,986	22,208	N/A	66.1%	0%	
2012		0	32,989	27,953	20,814	N/A	63.1%	0%	
2011		0	32,038	28,350	20,138	N/A	62.9%	0%	
2010		0	28,492	25,661	19,458	N/A	68.3%	0%	
2009		0	27,558	25,863	18,600	N/A	67.5%	0%	
2008		0	25,554	27,980	17,426	N/A	68.2%	0%	
2007		0	24,627	31,290	15,937	N/A	64.7%	0%	
2006		0	22,366	26,389	14,046	N/A	62.8%	0%	

Note: Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

Summary of Basic Provisions

As of June 30, 2015

SCRS	PORS	GARS	JSRS	SCNG
1. Membership				
<p>All permanent, full-time and part-time employees of covered employers must join unless specifically exempted by statute or are eligible and elect to participate in the State ORP.</p> <p>Individuals first elected to serve in the General Assembly in the general election in November 2012 or after must elect membership in either SCRS or State ORP or elect to be a nonmember.</p>	<p>To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner or deputy coroner in a full-time permanent position; or be a peace officer employed by the SC Department of Corrections, the SC Department of Juvenile Justice, or the SC Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.</p>	<p>Generally all persons are required to participate upon taking office as a member of the General Assembly unless exempted by Statute.</p> <p>Closed to new members. Individuals first elected to serve in the General Assembly in the general election in November 2012 or after must elect membership in either SCRS or State ORP or elect to be a nonmember.</p>	<p>All solicitors, circuit public defenders, judges of a Circuit or Family Court, and justices of the Court of Appeals and Supreme Court are required to participate upon taking office unless exempted by statute.</p> <p>Effective July 1, 2014, the definition of judge is expanded to include administrative law judges. Administrative law judges who have not retired are allowed to become members.</p>	<p>Individuals serving in the South Carolina National Guard.</p>
2. Employee Contributions				
<p>Class II 8.16% of earnable compensation</p> <p>Class III 8.16% of earnable compensation</p> <p>Effective January 1, 2013, earnable compensation does not include pay for non-mandatory overtime.</p>	<p>Class I \$21 per month</p> <p>Class II 8.74% of earnable compensation</p> <p>Class III 8.74% of earnable compensation</p>	<p>11% of earnable compensation</p>	<p>10% of earnable compensation</p>	<p>Not applicable as this is a non-contributory plan</p>

SCRS	PORS	GARS	JSRS	SCNG
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3. Employer Contributions

Class II & III 10.91% of earnable compensation	Class I 7.8% of earnable compensation	Annual lump-sum appropriation	47.52% of earnable compensation	Annual lump-sum appropriation
Death Benefit Program 0.15% of earnable compensation	Class II& III 13.34% of earnable compensation	Death Benefit Program Included within annual lump-sum appropriation	Death Benefit Program 0.45% of earnable compensation	Death Benefit Program Not applicable
Accidental Death Program Not applicable	Death Benefit Program 0.2% of earnable compensation	Accidental Death Program Not applicable	Accidental Death Program Not applicable	Accidental Death Program Not applicable
	Accidental Death Program 0.2% of earnable compensation			

4. Requirements for Service Annuity

Class II 5 years earned service The member is entitled to a deferred reduced annuity at age 60.	Class II 5 years earned service The member is entitled to a deferred annuity at age 55.	8 years of service The member is entitled to a deferred annuity at age 60.	Members are vested in the system with 10 years earned service in position of judge; 8 years earned service in position of solicitor or circuit public defender. For vested members who joined prior to 7/1/2004, member is eligible for a deferred annuity at age 55. For members who joined after 6/30/2004, member is eligible for a deferred annuity at age 65.	20 years total creditable military service, at least 15 of which must have been served in the South Carolina National Guard. Additionally, the last 10 years of service must have been served in the South Carolina National Guard.
Class III 8 years earned service The member is entitled to a deferred reduced annuity at age 60.	Class III 8 years earned service			

5. Normal Retirement Age

Not applicable	Not applicable	Not applicable	Age 60	Not applicable
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6. Requirements for Full Service Retirement

Class II Age 65 or 28 years of credited service. The member must have a minimum of five years of earned service to qualify for retirement.	Class II Age 55 with 5 years of service or 25 years of credited service. The member must have a minimum of five years of earned service to qualify for retirement.	Age 60 or 30 years of service Age 70 or 30 years of service while continuing to serve in the General Assembly	Age 70 with 15 years of service Age 65 with 20 years of service 25 years of service as judge regardless of age 24 years of service as solicitor or circuit public defender regardless of age	Age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of that 20 years of service, 15 years, and the final 10 years, must have been served in the South Carolina National Guard.
Class III Age 65 or meet the rule of 90 requirement. This means that the member's age plus the years of service must add up to a total of at least 90. The member must have a minimum of 8 years of earned service to qualify for retirement.	Class III Age 55 or 27 years of credited service. The member must have a minimum of 8 years of earned service to qualify for retirement.		Age 65 with 4 years earned service as judge or solicitor and at least 25 years other service with the state if a member as of 6/30/2004.	

SCRS	PORS	GARS	JSRS	SCNG
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7. Early Retirement

<p>Class II Age 60 with 5% reduction for each year of age under age 65</p> <p>Age 55 with 25 years of service, reduced 4% for each year of service under 28.</p> <p>The member must have a minimum of five years of earned service to qualify for early retirement.</p> <p>Class III Age 60 with 5% reduction for each year under age 65</p> <p>The member must have a minimum of eight years of earned service to qualify for early retirement.</p>	Not applicable	Age 60 with 8 years of service credit	<p>Members are vested in the system with 10 years earned service in position of judge; 8 years earned service in position of solicitor or circuit public defender.</p> <p>For vested members who joined prior to 7/1/2004, member is eligible for a deferred annuity at age 55. For members who joined after 6/30/2004, member is eligible for a deferred annuity at age 65.</p>	Not applicable
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8. Formula for Normal Service Retirement

<p>Class I 1.45% of Average Final Compensation times years of credited service</p> <p>Class II 1.82% of Average Final Compensation (AFC) times years of credited service (annual benefit amount). AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.</p> <p>Class III 1.82% of Average Final Compensation times years of credited service. AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included.</p>	<p>Class I \$10.97 per month for each year of service</p> <p>Class II 2.14% of Average Final Compensation (AFC) times years of credited service (annual benefit amount). AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave.</p> <p>Class III 2.14% of Average Final Compensation times years of credited service. AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included.</p>	4.82% of earnable compensation times years of credited service	<p>Annual allowance of 71.3% of the current active salary of the member's position. Benefit formula increases by 2.67% for each year of active service over 25 years for judges or over 24 years for solicitors or circuit public defenders. The monthly retirement allowance may not exceed 90% of the current active salary for the member's position. Upon retirement, a member will receive an additional benefit equal to employee contributions and accumulated interest remitted after reaching the maximum 90% benefit.</p>	For 20 years of service, retirees receive a \$50 monthly benefit. For each year of service beyond the 20 years, up to 30 years of service, the retiree receives an additional \$5. The maximum monthly benefit a retiree can receive is \$100.
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SCRS	PORS	GARS	JSRS	SCNG
9. Requirements for Disability Retirement				
<p>Class II Permanent incapacity to perform regular duties of the member's job; 5 years of earned service, unless injury is job related.</p> <p>Class III Permanent incapacity to perform the regular duties of the member's job; 8 years of earned service, unless injury is job related</p> <p>For applications received after 12/31/2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.</p>	<p>Class II Permanent incapacity to perform regular duties of the member's job; 5 years of earned service, unless injury is job related.</p> <p>Class III Permanent incapacity to perform regular duties of the member's job; 8 years of earned service, unless injury is job related</p>	<p>5 years of credited service. Must be disabled based on job specific standard.</p>	<p>5 years of credited service. Must be disabled based on job specific standard.</p>	<p>Not applicable</p>

10. Formula for Disability Retirement				
<p>The disability retirement benefit based on a projection of service credit to age 65 with an actuarial reduction. Minimum benefit of 15% of AFC at any age.</p> <p>For applications received after 12/31/2013, the calculation of disability retirement benefits changed to eliminate the projection of service credit used in the benefit calculation.</p>	<p>The disability retirement benefit is based on a projection of service credit to age 55. Minimum benefit of 15% of AFC at any age.</p> <p>For applications received after 12/31/2013, the calculation of disability retirement benefits was changed to limit the projection of service credit used in the benefit calculation to the service necessary to reach age 55 or 25 years of service credit, whichever is less.</p>	<p>The disability retirement benefit is based on the greater of the following options:</p> <ol style="list-style-type: none"> Service benefit based upon actual credited service or 50% of service benefit based on projection of service to earlier of age 60 or 35 years of service. 	<p>The disability retirement benefit is based on the service retirement formula.</p>	<p>Not applicable</p>

SCRS	PORS	GARS	JSRS	SCNG
11. Benefit Options				
<p>Option A (Maximum/Retiree Only) Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.</p> <p>Option B (100% - 100% Joint Retiree/Survivor) Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary. This option is subject to non-spousal beneficiary limitations based on state statute and an Internal Revenue Code formula.</p> <p>Option C (100% - 50% Joint Retiree/Survivor) Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.</p> <p>Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.</p>	<p>Option A (Maximum/Retiree Only) Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.</p> <p>Option B (100% - 100% Joint Retiree/Survivor) Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary. This option is subject to non-spousal beneficiary limitations based on state statute and an Internal Revenue Code formula.</p> <p>Option C (100% - 50% Joint Retiree/Survivor) Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.</p> <p>Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.</p>	<p>Maximum Benefit (Retiree Only) Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.</p> <p>Option 1 Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death continues to retiree's beneficiary. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.</p> <p>Option 2 Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.</p> <p>Revert to Maximum (1A or 2A) This feature will allow benefits to be changed to the Maximum Benefit if the retiree selects Option 1 or Option 2 and all of the retiree's beneficiaries predecease the retiree.</p>	<p>Maximum Benefit (Retiree/One-Third Spouse) Formula as calculated in item 8. Continued annuity of one-third of member's benefit to a spouse beneficiary upon death of retiree or return of contributions to a designated non-spouse beneficiary.</p> <p>Optional Allowance Provides a reduced (from the Maximum Benefit) lifetime annuity that upon the retiree's death will continue at one-third of the retiree's annuity to a non-spouse beneficiary (or in equal shares to multiple beneficiaries).</p>	<p>Formula benefit as calculated in item 8.</p>

12. Deferred Retirement Option Programs

Class II	Not applicable	Not applicable	A JSRS member who has not reached age 60, but is eligible to retire and receive the 90 percent maximum JSRS annuity may retire and continue to serve as a judge, solicitor, or circuit public defender. However, the monthly annuity will be deferred, without interest, until the member reaches age 60. Payout of the deferred annuity will be made when the retired JSRS member reaches the normal retirement age of 60.	Not applicable
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TERI is a deferred retirement option program (DROP). Upon meeting normal retirement eligibility, a member can elect to retire and continue working under the TERI program for a maximum of five years, after which employment will cease. During the TERI participation, the retirement annuity is not paid to the TERI retirees, but monthly benefits are accumulated in TERI accounts and are distributed to the members upon termination of employment. For members retiring after June 30, 2005, a payment for annual leave is not included in calculating benefits. Upon termination, however, benefits are increased prospectively to include payment for up to 45 days annual leave paid at termination of employment. No interest is credited to the TERI account. TERI participants who entered the program after June 30, 2005, must continue to contribute at the same rate as active members. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018. New enrollees in the TERI program after June 30, 2012, must end their participation within 5 years after their retirement date or June 30, 2018, whichever is earlier.

A JSRS member who has not reached age 60, but is eligible to retire and receive the 90 percent maximum JSRS annuity may retire and continue to serve as a judge, solicitor, or circuit public defender. However, the monthly annuity will be deferred, without interest, until the member reaches age 60. Payout of the deferred annuity will be made when the retired JSRS member reaches the normal retirement age of 60.

Employee and employer contributions must continue to be paid while a member is participating in the JSRS deferred retirement program, but no additional service is earned.

Class III

TERI program is not available.

SCRS	PORS	GARS	JSRS	SCNG
13. Return to Work Provisions				
<p>There is no earning limitation for members who retired prior to 1/1/2013. For members retiring after 1/1/2013, in order to return to work for a covered employer after retirement, the member must first have a complete, bona fide severance or termination of employment. After 30 days of retirement, he may be hired by an employer covered by one of the retirement systems administered by PEBA Retirement Benefits. If the member is under age 62 at retirement and returns to covered employment, he will be subject to a \$10,000 per year earnings limitation. A member can earn up to \$10,000 per year and continue to receive his monthly annuity. If wages earned exceed \$10,000 in a calendar year, the monthly annuity will be suspended for the remainder of that year. The \$10,000 earnings limitation does not apply to a retired member who receives compensation for service as an elected official, service as an appointee of the Governor with confirmation by the Senate, or service by appointment or election by the General Assembly. A retired member may return to covered employment without affecting his monthly annuity if he is a certified teacher and is employed by a school district to teach in the classroom in his area of certification. The \$10,000 earnings limitation does not apply if the State Department of Education determines that no qualified, non-retired member is available for employment in the position, and 1) that a certified teacher is teaching in</p> <p><i>Continued on Next Page</i></p>	<p>There is no earning limitation for members who retired prior to 1/1/2013. For members retiring after 1/1/2013, in order to return to work for a covered employer after retirement, the member must first have a complete, bona fide severance or termination of employment. After 30 days of retirement, he may be hired by an employer covered by one of the retirement systems administered by PEBA Retirement Benefits. If the member is under age 57 at retirement and returns to covered employment, he will be subject to a \$10,000 per year earnings limitation. A member can earn up to \$10,000 per year and continue to receive his monthly annuity. If wages earned exceed \$10,000 in a calendar year, the monthly annuity will be suspended for the remainder of that year. The \$10,000 earnings limitation does not apply to a retired member who receives compensation for service as an elected official, service as an appointee of the Governor with confirmation by the Senate, or service by appointment or election by the General Assembly.</p>	<p>An active GARS member who has reached age 70 or has 30 years of service credit may retire and begin receiving a GARS retirement annuity while continuing to serve in office. The retired GARS member will receive a retirement annuity in lieu of a per diem salary and additional line item pay for certain positions. Generally, a retired member of GARS may return to work after retirement with no limit on the dollar amount that may be earned as compensation; however, certain conditions and restrictions may apply to employers covered by SCRS, PORS, GARS and JSRS.</p>	<p>A member who is age 60 and eligible to receive the maximum monthly benefit, may retire and receive a retirement benefit while continuing to serve as a judge, solicitor, or circuit public defender until the end of the calendar year in which the member reaches age 72. Employee and employer contributions must continue to be paid as if the retiree was an active contributing member, but no additional service credit accrues and no additional interest is credited to their retirement account. Prior to July 1, 2014, a retired judge may continue to receive a retirement benefit while employed by a public institution of education, provided the judge does not contribute to or receive service credit in SCRS. This exemption was repealed effective July 1, 2014. Effective July 1, 2014, a retired member who has been retired for 30 days may be rehired by an SCRS or PORS employer and earn up to \$10,000 per year. The earnings limit does not apply to members who retired prior to July 1, 2014, were at least 62 at retirement or are serving as appointed or elected official. Employee and employer contributions must continue to be paid as if the member were active in SCRS or PORS; however, the member cannot be an active member and does not accrue service credit.</p>	<p>Not applicable</p>

Return to Work Provisions (continued)

a critical academic need area or a geographic need area as defined by the State Board of Education, or 2) that a retired certified school teacher or certified employee is employed in a school or school district that has received a “below average” or “unsatisfactory” academic performance rating pursuant to the Education Accountability Act. After approval is received from the Department of Education, school districts must notify PEBA Retirement Benefits of the member’s exemption from the earnings limitation.

14. Post Retirement Increase

Eligible annuitant payees receive an annual benefit adjustment equal to the lesser of 1% or \$500.	Eligible annuitant payees receive an annual benefit adjustment equal to the lesser of 1% or \$500.	Retired member receives benefit based on current salary for member’s position.	Retired member receives benefit based on current salary for member’s position.	Post retirement increases are not provided.
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15. Accidental Death Program

Not applicable	Provides 50% of earnable compensation at time of accidental death in the line of duty as an annuity to either the surviving spouse, children, or parents. The annuity to surviving children ends upon each child’s 18th birthday.	Not applicable	Not applicable	Not applicable
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SCRS	PORS	GARS	JSRS	SCNG
16. Death Benefit Program				
<p>Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active or working retired contributing member with at least one year of service.</p> <p>No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.</p> <p>Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon years of service at retirement. TERI participants and working retired contributing members are eligible for an increased death benefit payment equal to their annual salary in lieu of the standard retired member benefit.</p>	<p>Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member or working retired contributing member with at least one year of service.</p> <p>No service requirements for death resulting from an injury arising out of the actual performance of duties for an active member.</p> <p>Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon years of service at retirement. Retired contributing members are eligible for an increased death benefit payment equal to their annual salary in lieu of the standard retired member benefit.</p>	<p>Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.</p> <p>No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.</p> <p>Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.</p>	<p>Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.</p> <p>No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.</p> <p>Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.</p>	<p>Not applicable</p>
17. Withdrawal of Employee Contributions				
<p>Accumulated contributions, plus interest, payable upon request 90 days after termination of all covered employment.</p> <p>Effective July 1, 2012, no interest is accrued on inactive accounts.</p>	<p>Accumulated contributions, plus interest, payable upon request 90 days after termination of all covered employment.</p> <p>Effective July 1, 2012, no interest is accrued on inactive accounts.</p>	<p>Accumulated contributions, plus interest, paid as promptly as feasible upon request after termination of all covered employment.</p> <p>Effective July 1, 2012, no interest is accrued on inactive accounts.</p>	<p>Accumulated contributions, plus interest, paid as promptly as feasible upon request after termination of all covered employment.</p> <p>Effective July 1, 2012, no interest is accrued on inactive accounts.</p>	<p>Not applicable as this is a non-contributory plan.</p>

18. Actuarial Cost Method

The individual Entry Age Normal cost method is used for the actuarial valuation of the retirement systems for funding purposes. Under this cost method, the cost of each member's projected pension benefit is allocated on a level percent of payroll over the member's projected service with the Retirement System. Employers also finance the unfunded actuarial accrued liability as a level percentage of pay over a funding period that does not exceed 30 years. This method was selected because it is the method that will produce the most level contributions as a percentage of payroll from year to year. It is also the method that most equitably allocates pension costs among various generations of taxpayers.

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The individual Entry Age Normal cost method is also the actuarial cost method used for financial reporting purposes.

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19. Funding Policy

Legislative reform was enacted in 2012 and as a result, SC State Statute now establishes the base funding policy for SCRS. Additionally, the State Fiscal Accountability Authority (SFAA) and PEBA Board as trustees and fiduciaries of the plans, have the authority to maintain or adopt further policy changes above the floor, if they should choose to do so.

Legislative reform was enacted in 2012 and as a result, SC State Statute now establishes the base funding policy for PORS. Additionally, the State Fiscal Accountability Authority (SFAA) and PEBA Board as trustees and fiduciaries of the plans, have the authority to maintain or adopt further policy changes above the floor, if they should choose to do so.

The State Fiscal Accountability Authority (SFAA) and PEBA Board as trustees and fiduciaries of the plan are responsible for establishing and maintaining funding policy. The funding policy currently in place was adopted by the Budget and Control Board in April 1996 in an effort to establish and set forth the essential funding goals and methods by which to measure progress toward those goals.

The State Fiscal Accountability Authority (SFAA) and PEBA Board as trustees and fiduciaries of the plan are responsible for establishing and maintaining funding policy. The funding policy currently in place was adopted by the Budget and Control Board in April 1996 in an effort to establish and set forth the essential funding goals and methods by which to measure progress toward those goals.

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This page contains no other content.

Statistical Section



Statistical Section Summary

The objective of the Statistical Section is to provide financial statement users with additional historical perspective, context, and detail to assist in using information presented in the Financial Statements, Notes to the Financial Statements, and Required Supplementary Information to understand and assess the Systems' economic condition. Information reported in the Systems' statistical section is presented in four main categories: Financial Trends Information, Operating Information, Revenue Capacity Information, and Demographic and Economic Information.

Financial Trends Information

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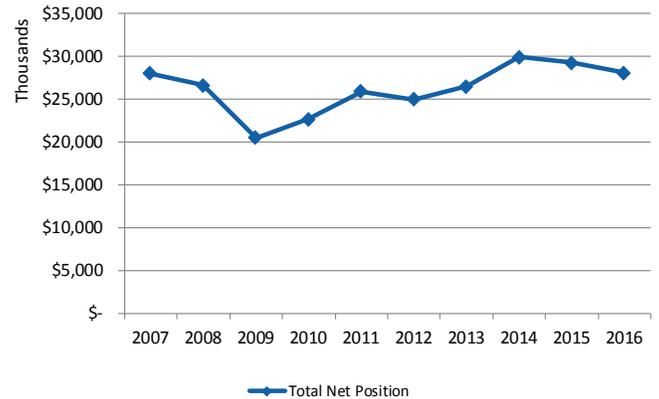
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Financial Trends Information

Financial Trends Information is intended to assist users in understanding and assessing how the Systems' financial position has changed over time. The 10 year summary of fiduciary net position and 10 year schedules of changes in fiduciary net position as well as the additions by source, deductions by type, and benefit expenses by type for the last 10 fiscal years may be considered useful in determining financial trends.

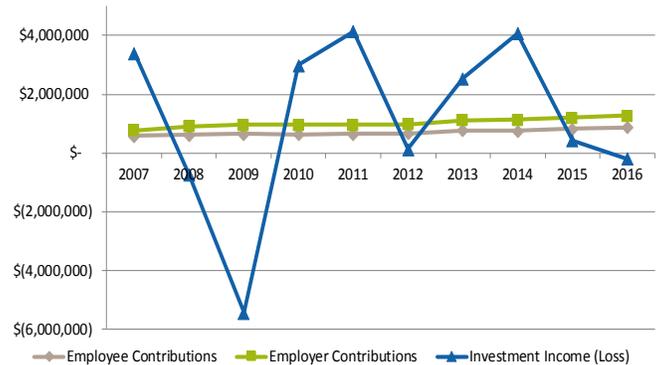
Trend of Total Fiduciary Net Position Values

A trend of the total fiduciary net position over the past 10 years reflects an overall increase; however, negative investment returns realized during fiscal year 2008 and 2009 caused a significant decline in the net position of the portfolio. The decrease in the value of the fiduciary net position during fiscal years 2012 and 2015 resulted from negative cash flows in that while investment performance was relatively flat and contributions remained steady, the plan experienced an increase in benefit payments. The decrease in 2016 was primarily attributable to reduced investment performance and net cash flows.



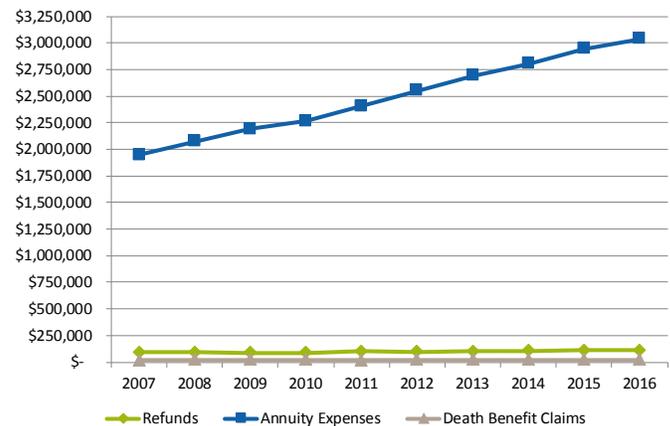
Trend of Total Pension Trust Funds Additions by Source

The overall trend in the dollar amount of employee and employer contributions has gradually increased primarily due to increases in contribution rates, although changes in the amount of covered payroll have also had an impact. During fiscal year 2013, employee contributions were inflated due to an influx of members purchasing service, therefore employee contributions collected in 2014 decreased. Investment income is much more volatile due to its dependence on the market.



Trend of Total Pension Trust Funds Deductions by Type

The combined impact of more retired members and benefit adjustments granted to annuitant payees has resulted in a rise in the number of annuitant payees and benefit adjustments that were granted to retirees. In addition, slight growth in death benefit claims has occurred over the past couple of years because beneficiaries of working retirees are now eligible for an increased level of benefits.



South Carolina Retirement Systems

10 Year Summary of Fiduciary Net Position

As of June 30

(Amounts expressed in thousands)

	2016	2015	2014	2013 ¹	2012 ²
Assets					
Cash and cash equivalents, receivables, and prepaid expenses	\$ 4,979,349	\$ 3,622,210	\$ 4,063,173	\$ 4,023,274	\$ 3,416,972
Total Investments, at fair value	24,790,218	27,093,961	26,754,819	24,587,950	23,157,144
Securities lending cash collateral invested	55,737	70,177	72,645	106,633	184,025
Property, net of accumulated depreciation	2,741	3,005	2,912	3,083	2,984
Total Assets	29,828,045	30,789,353	30,893,549	28,720,940	26,761,125
Liabilities					
Deferred retirement benefits	71,693	68,104	56,901	68,344	386,302
Obligations under securities lending	55,737	70,177	72,645	106,633	184,025
Other liabilities	1,633,962	1,345,382	836,292	1,645,150	1,211,693
Total Liabilities	1,761,392	1,483,663	965,838	1,820,127	1,782,020
Total Net Position	\$ 28,066,653	\$ 29,305,690	\$ 29,927,711	\$ 26,900,813	\$ 24,979,105

	2011	2010	2009	2008	2007
Assets					
Cash and cash equivalents, receivables, and prepaid expenses	\$ 3,977,880	\$ 5,298,443	\$ 3,403,752	\$ 2,835,196	\$ 6,855,459
Total Investments, at fair value	23,870,891	18,829,568	17,915,982	24,697,700	22,188,448
Securities lending cash collateral invested	229,161	324,593	1,845,862	3,796,183	5,085,506
Property, net of accumulated depreciation	3,103	3,221	3,340	3,459	3,577
Total Assets	28,081,035	24,455,825	23,168,936	31,332,538	34,132,990
Liabilities					
Deferred retirement benefits	364,005	323,093	431,503	552,260	641,750
Obligations under securities lending	229,161	324,593	1,845,862	3,796,183	5,085,506
Other liabilities	1,596,020	1,116,479	399,193	351,050	356,954
Total Liabilities	2,189,186	1,764,165	2,676,558	4,699,493	6,084,210
Total Net Position	\$ 25,891,849	\$ 22,691,660	\$ 20,492,378	\$ 26,633,045	\$ 28,048,780

¹As a result of the implementation of GASB 67, financial statements for fiscal year 2013 have been restated to report a liability only for benefits due but not yet distributed to members who had ended their participation in the DROP program at June 30. Also, in an effort to more closely align with RSIC and HEK, Global asset allocation and certain derivative investments such as swaps, options and futures were reclassified for fiscal year 2013 to conform to the presentation in 2014.

²Certain assets held in strategic partnerships were reclassified for fiscal year 2012 to conform to the change in presentation for fiscal year 2013. In an effort to conform to investment reporting by the RSIC; cash, short duration and high yield investments held in the strategic partnerships that were previously classified as alternatives are now presented in the respective categories of cash and cash equivalents, short term securities and domestic fixed income.

South Carolina Retirement System

10 Year Schedule of Changes in Fiduciary Net Position

Year Ended June 30
(Amounts expressed in thousands)

	2016	2015	2014	2013 ¹	2012
Additions					
Employee contributions	\$ 754,153	\$ 716,107	\$ 652,631	\$ 674,783	\$ 586,818
Employer contributions	1,072,659	1,022,478	962,798	948,157	824,652
Investment income (loss)	(165,394)	374,152	3,517,324	2,195,648	109,307
Other income	611	514	587	657	733
Total Additions	<u>1,662,029</u>	<u>2,113,251</u>	<u>5,133,340</u>	<u>3,819,245</u>	<u>1,521,510</u>
Deductions					
Annuities	2,668,819	2,590,806	2,462,146	2,368,510	2,256,519
Refunds	93,694	95,104	90,250	87,212	83,134
Death Benefit Claims	20,659	20,144	19,240	19,133	18,295
Administrative & other expenses	14,323	13,890	14,235	16,629	21,683
Total Deductions	<u>2,797,495</u>	<u>2,719,944</u>	<u>2,585,871</u>	<u>2,491,484</u>	<u>2,379,631</u>
Increase (Decrease) in Fiduciary Net Position	<u>(1,135,466)</u>	<u>(606,693)</u>	<u>2,547,469</u>	<u>1,327,761</u>	<u>(858,121)</u>
Beginning Fiduciary Net Position	<u>25,131,828</u>	<u>25,738,521</u>	<u>23,191,052</u>	<u>21,863,291</u>	<u>22,395,029</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$23,996,362</u>	<u>\$25,131,828</u>	<u>\$25,738,521</u>	<u>\$23,191,052</u>	<u>\$21,536,908</u>
2011					
Additions					
Employee contributions	\$ 562,170	\$ 561,261	\$ 564,872	\$ 540,872	\$ 505,122
Employer contributions	808,343	818,523	827,502	774,269	644,350
Investment income (loss)	3,598,069	2,612,663	(4,754,668)	(641,196)	2,999,209
Other income	884	957	1,233	1,321	1,532
Total Additions	<u>4,969,466</u>	<u>3,993,404</u>	<u>(3,361,061)</u>	<u>675,266</u>	<u>4,150,213</u>
Deductions					
Annuities	2,134,031	2,014,418	1,956,446	1,853,892	1,747,192
Refunds	84,591	75,814	73,882	79,027	77,212
Death Benefit Claims	16,485	19,921	17,908	17,617	15,948
Administrative & other expenses	20,467	19,593	20,371	20,752	18,254
Total Deductions	<u>2,255,574</u>	<u>2,129,746</u>	<u>2,068,607</u>	<u>1,971,288</u>	<u>1,858,606</u>
Increase (Decrease) in Fiduciary Net Position	<u>2,713,892</u>	<u>1,863,658</u>	<u>(5,429,668)</u>	<u>(1,296,022)</u>	<u>2,291,607</u>
Beginning Fiduciary Net Position	<u>19,681,137</u>	<u>17,817,479</u>	<u>23,247,147</u>	<u>24,543,169</u>	<u>22,251,562</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$22,395,029</u>	<u>\$19,681,137</u>	<u>\$17,817,479</u>	<u>\$23,247,147</u>	<u>\$24,543,169</u>

¹As a result of the implementation of GASB 67, Annuities reported in fiscal year 2013 have been restated to include only DROP amounts actually distributed to participants as well as amounts due but not yet distributed. Also as a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

Police Officers Retirement System

10 Year Schedule of Changes in Fiduciary Net Position

Year Ended June 30
(Amounts expressed in thousands)

	2016	2015	2014	2013 ¹	2012
Additions					
Employee contributions	\$ 115,188	\$ 106,854	\$ 96,004	\$ 97,164	\$ 84,470
Employer contributions	175,223	166,451	155,608	143,389	134,299
Investment income (loss)	(24,636)	58,705	538,386	329,467	17,198
Other income	1,192	1,083	2,286	3,043	1,957
Total Additions	<u>266,967</u>	<u>333,093</u>	<u>792,284</u>	<u>573,063</u>	<u>237,924</u>
Deductions					
Annuities	339,536	324,829	313,216	297,631	265,582
Refunds	19,178	17,453	16,184	14,983	15,162
Death Benefit Claims	1,960	2,150	2,410	1,985	1,851
Administrative & other expenses	2,082	1,938	1,820	2,006	2,872
Total Deductions	<u>362,756</u>	<u>346,370</u>	<u>333,630</u>	<u>316,605</u>	<u>285,467</u>
Increase (Decrease) in Fiduciary Net Position	<u>(95,789)</u>	<u>(13,277)</u>	<u>458,654</u>	<u>256,458</u>	<u>(47,543)</u>
Beginning Fiduciary Net Position	<u>3,971,825</u>	<u>3,985,102</u>	<u>3,526,448</u>	<u>3,269,990</u>	<u>3,317,533</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 3,876,036</u>	<u>\$ 3,971,825</u>	<u>\$ 3,985,102</u>	<u>\$ 3,526,448</u>	<u>\$ 3,269,990</u>
2011					
Additions					
Employee contributions	\$ 79,334	\$ 77,051	\$ 77,014	\$ 76,907	\$ 71,676
Employer contributions	129,314	123,163	124,148	114,862	107,332
Investment income (loss)	519,531	362,566	(638,389)	(85,415)	374,623
Other income	1,944	1,308	1,671	52	55
Total Additions	<u>730,123</u>	<u>564,088</u>	<u>(435,556)</u>	<u>106,406</u>	<u>553,686</u>
Deductions					
Annuities	244,443	224,977	211,873	195,989	181,388
Refunds	14,902	13,673	13,753	13,754	12,543
Death Benefit Claims	1,984	2,019	1,720	2,068	1,919
Administrative & other expenses	2,735	2,577	2,537	2,505	2,179
Total Deductions	<u>264,064</u>	<u>243,246</u>	<u>229,883</u>	<u>214,316</u>	<u>198,029</u>
Increase (Decrease) in Fiduciary Net Position	<u>466,059</u>	<u>320,842</u>	<u>(665,439)</u>	<u>(107,910)</u>	<u>355,657</u>
Beginning Fiduciary Net Position	<u>2,851,474</u>	<u>2,530,632</u>	<u>3,196,071</u>	<u>3,303,981</u>	<u>2,948,324</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 3,317,533</u>	<u>\$ 2,851,474</u>	<u>\$ 2,530,632</u>	<u>\$ 3,196,071</u>	<u>\$ 3,303,981</u>

¹As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

General Assembly Retirement System

10 Year Schedule of Changes in Fiduciary Net Position

Year Ended June 30
(Amounts expressed in thousands)

	2016	2015	2014	2013 ¹	2012
Additions					
Employee contributions	\$ 292	\$ 369	\$ 384	\$ 1,091	\$ 724
Employer contributions	4,501	4,275	4,063	2,831	2,532
Investment income (loss)	(266)	500	4,545	3,111	172
Other income	-	-	15	199	
Total Additions	<u>4,527</u>	<u>5,144</u>	<u>9,007</u>	<u>7,232</u>	<u>3,428</u>
Deductions					
Annuities	6,625	6,639	6,799	6,720	6,570
Refunds	22		41	3	31
Death Benefit Claims	9	21	20	16	35
Administrative & other expenses	165	36	17	20	30
Total Deductions	<u>6,821</u>	<u>6,696</u>	<u>6,877</u>	<u>6,759</u>	<u>6,666</u>
Increase (Decrease) in Fiduciary Net Position	<u>(2,294)</u>	<u>(1,552)</u>	<u>2,130</u>	<u>473</u>	<u>(3,238)</u>
Beginning Fiduciary Net Position	<u>32,482</u>	<u>34,034</u>	<u>31,904</u>	<u>31,431</u>	<u>34,669</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 30,188</u>	<u>\$ 32,482</u>	<u>\$ 34,034</u>	<u>\$ 31,904</u>	<u>\$ 31,431</u>
<hr/>					
	2011	2010	2009	2008	2007
Additions					
Employee contributions	\$ 624	\$ 544	\$ 706	\$ 733	\$ 603
Employer contributions	2,414	2,598	2,495	2,440	2,358
Investment income (loss)	5,682	4,642	(9,409)	(1,136)	5,950
Other income	1	36	84		
Total Additions	<u>8,721</u>	<u>7,820</u>	<u>(6,124)</u>	<u>2,037</u>	<u>8,911</u>
Deductions					
Annuities	6,528	6,512	6,416	6,181	5,935
Refunds	57	4	33	102	70
Death Benefit Claims	58	6	14	28	5
Administrative & other expenses	179	33	116	64	34
Total Deductions	<u>6,822</u>	<u>6,555</u>	<u>6,579</u>	<u>6,375</u>	<u>6,044</u>
Increase (Decrease) in Fiduciary Net Position	<u>1,899</u>	<u>1,265</u>	<u>(12,703)</u>	<u>(4,338)</u>	<u>2,867</u>
Beginning Fiduciary Net Position	<u>32,770</u>	<u>31,505</u>	<u>44,208</u>	<u>48,546</u>	<u>45,679</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 34,669</u>	<u>\$ 32,770</u>	<u>\$ 31,505</u>	<u>\$ 44,208</u>	<u>\$ 48,546</u>

¹As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

Judges and Solicitors Retirement System

10 Year Schedule of Changes in Fiduciary Net Position

Year Ended June 30
(Amounts expressed in thousands)

	2016	2015	2014	2013 ¹	2012
Additions					
Employee contributions	\$ 2,303	\$ 3,153	\$ 2,448	\$ 2,596	\$ 2,299
Employer contributions	10,202	10,109	9,659	8,667	8,414
Investment income (loss)	(871)	2,216	19,962	12,605	783
Other income	27	286	195	184	261
Total Additions	<u>11,661</u>	<u>15,764</u>	<u>32,264</u>	<u>24,052</u>	<u>11,757</u>
Deductions					
Annuities	16,989	16,832	16,675	15,745	15,171
Refunds	60			57	134
Death Benefit Claims	143	4	10	134	134
Administrative & other expenses	105	71	68	76	111
Total Deductions	<u>17,297</u>	<u>16,907</u>	<u>16,753</u>	<u>16,012</u>	<u>15,550</u>
Increase (Decrease) in Fiduciary Net Position	<u>(5,636)</u>	<u>(1,143)</u>	<u>15,511</u>	<u>8,040</u>	<u>(3,793)</u>
Beginning Fiduciary Net Position	<u>146,353</u>	<u>147,496</u>	<u>131,985</u>	<u>123,945</u>	<u>127,152</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 140,717</u>	<u>\$ 146,353</u>	<u>\$ 147,496</u>	<u>\$ 131,985</u>	<u>\$ 123,359</u>
<hr/>					
	2011	2010	2009	2008	2007
Additions					
Employee contributions	\$ 2,209	\$ 2,343	\$ 2,524	\$ 1,416	\$ 1,784
Employer contributions	8,414	8,414	8,414	7,613	6,706
Investment income (loss)	20,092	14,646	(26,741)	(3,371)	16,017
Other income	193	114	83		
Total Additions	<u>30,908</u>	<u>25,517</u>	<u>(15,720)</u>	<u>5,658</u>	<u>24,507</u>
Deductions					
Annuities	14,750	14,168	13,484	12,848	10,348
Refunds				211	
Death Benefit Claims	128	11	134	256	381
Administrative & other expenses	104	101	104	103	92
Total Deductions	<u>14,982</u>	<u>14,280</u>	<u>13,722</u>	<u>13,418</u>	<u>10,821</u>
Increase (Decrease) in Fiduciary Net Position	<u>15,926</u>	<u>11,237</u>	<u>(29,442)</u>	<u>(7,760)</u>	<u>13,686</u>
Beginning Fiduciary Net Position	<u>111,226</u>	<u>99,989</u>	<u>129,431</u>	<u>137,191</u>	<u>123,505</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 127,152</u>	<u>\$ 111,226</u>	<u>\$ 99,989</u>	<u>\$ 129,431</u>	<u>\$ 137,191</u>

¹As a result of the implementation of GASB 67, Annuities reported in fiscal year 2013 have been restated to include only DROP amounts actually distributed to participants as well as amounts due but not yet distributed. Also as a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

South Carolina National Guard Supplemental Retirement Plan

10 Year Schedule of Changes in Fiduciary Net Position

Year Ended June 30
(Amounts expressed in thousands)

	2016	2015	2014	2013 ¹	2012
Additions					
State-appropriated contributions	\$ 4,591	\$ 4,591	\$ 4,586	\$ 4,539	\$ 3,937
Investment income (loss)	(121)	313	2,806	1,671	94
Other income					
Total Additions	<u>4,470</u>	<u>4,904</u>	<u>7,392</u>	<u>6,210</u>	<u>4,031</u>
Deductions					
Annuities	4,310	4,249	4,248	4,193	4,065
Administrative & other expenses	12	11	10	10	15
Total Deductions	<u>4,322</u>	<u>4,260</u>	<u>4,258</u>	<u>4,203</u>	<u>4,080</u>
Increase (Decrease) in Fiduciary Net Position	148	644	3,134	2,007	(49)
Beginning Fiduciary Net Position	23,202	22,558	19,424	17,417	17,466
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 23,350</u>	<u>\$ 23,202</u>	<u>\$ 22,558</u>	<u>\$ 19,424</u>	<u>\$ 17,417</u>
	2011	2010	2009	2008	2007
Additions					
State-appropriated contributions	\$ 3,904	\$ 4,052	\$ 4,052	\$ 3,948	\$ 3,948
Investment income (loss)	2,533	1,865	(4,020)	(348)	2,002
Other income				50	50
Total Additions	<u>6,437</u>	<u>5,917</u>	<u>32</u>	<u>3,650</u>	<u>6,000</u>
Deductions					
Annuities	4,011	3,624	3,432	3,199	2,926
Administrative & other expenses	13	13	15	156	59
Total Deductions	<u>4,024</u>	<u>3,637</u>	<u>3,447</u>	<u>3,355</u>	<u>2,985</u>
Increase (Decrease) in Fiduciary Net Position	2,413	2,280	(3,415)	295	3,015
Beginning Fiduciary Net Position	15,053	12,773	16,188	15,893	12,878
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 17,466</u>	<u>\$ 15,053</u>	<u>\$ 12,773</u>	<u>\$ 16,188</u>	<u>\$ 15,893</u>

¹As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

Pension Trust Funds Additions by Source

(Amounts expressed in thousands)

Year Ended June 30,	Employee Contributions ¹	Employer Contributions ¹	Investment Income(Loss) ²	Other	Total
South Carolina Retirement System (SCRS)					
2016	\$ 754,330	\$ 1,072,659	\$ (165,394)	\$ 434	\$ 1,662,029
2015	716,114	1,022,478	374,152	507	2,113,251
2014	652,631	962,798	3,517,324	587	5,133,340
2013	674,783	948,157	2,195,648	657	3,819,245
2012	586,818	824,652	109,307	733	1,521,510
2011	562,222	808,343	3,598,069	832	4,969,466
2010	561,261	818,523	2,612,663	957	3,993,404
2009	564,953	827,502	(4,754,668)	1,152	(3,361,061)
2008	540,872	774,269	(641,196)	1,321	675,266
2007	505,122	644,350	2,999,209	1,532	4,150,213
Police Officer's Retirement System (PORS)					
2016	\$ 116,362	\$ 175,223	\$ (24,636)	\$ 18	\$ 266,967
2015	107,504	166,862	58,705	22	333,093
2014	97,418	156,454	538,386	26	792,284
2013	99,106	144,460	329,467	30	573,063
2012	85,701	134,991	17,198	34	237,924
2011	80,582	129,973	519,531	37	730,123
2010	77,844	123,636	362,566	42	564,088
2009	78,018	124,769	(638,389)	46	(435,556)
2008	76,907	114,862	(85,415)	52	106,406
2007	71,676	107,332	374,623	55	553,686
General Assembly Retirement System (GARS)					
2016	\$ 292	\$ 4,501	\$ (266)	\$ -	\$ 4,527
2015	369	4,275	500		5,144
2014	399	4,063	4,545		9,007
2013	1,286	2,835	3,111		7,232
2012	724	2,532	172		3,428
2011	625	2,414	5,682		8,721
2010	580	2,598	4,642		7,820
2009	790	2,495	(9,409)		(6,124)
2008	733	2,440	(1,136)		2,037
2007	603	2,358	5,950		8,911
Judges and Solicitors Retirement System (JSRS)					
2016	\$ 2,330	\$ 10,202	\$ (871)	\$ -	\$ 11,661
2015	3,439	10,109	2,216		15,764
2014	2,632	9,670	19,962		32,264
2013	2,780	8,667	12,605		24,052
2012	2,560	8,414	783		11,757
2011	2,402	8,414	20,092		30,908
2010	2,457	8,414	14,646		25,517
2009	2,607	8,414	(26,741)		(15,720)
2008	1,416	7,613	(3,371)		5,658
2007	1,784	6,706	16,017		24,507
South Carolina National Guard Supplemental Retirement Plan (SCNG)					
2016	\$ -	\$ 4,591	\$ (121)	\$ -	\$ 4,470
2015		4,591	313		4,904
2014		4,586	2,806		7,392
2013		4,539	1,671		6,210
2012		3,937	94		4,031
2011		3,904	2,533		6,437
2010		4,052	1,865		5,917
2009		4,052	(4,020)		32
2008		3,948	(348)	50	3,650
2007		3,948	2,002	50	6,000

¹Includes transfers between systems.

²Includes unrealized gains and losses in accordance with GASB Statement 67. As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014. This resulted in a decrease to Total Net Investment Income.

Pension Trust Funds Deductions by Type

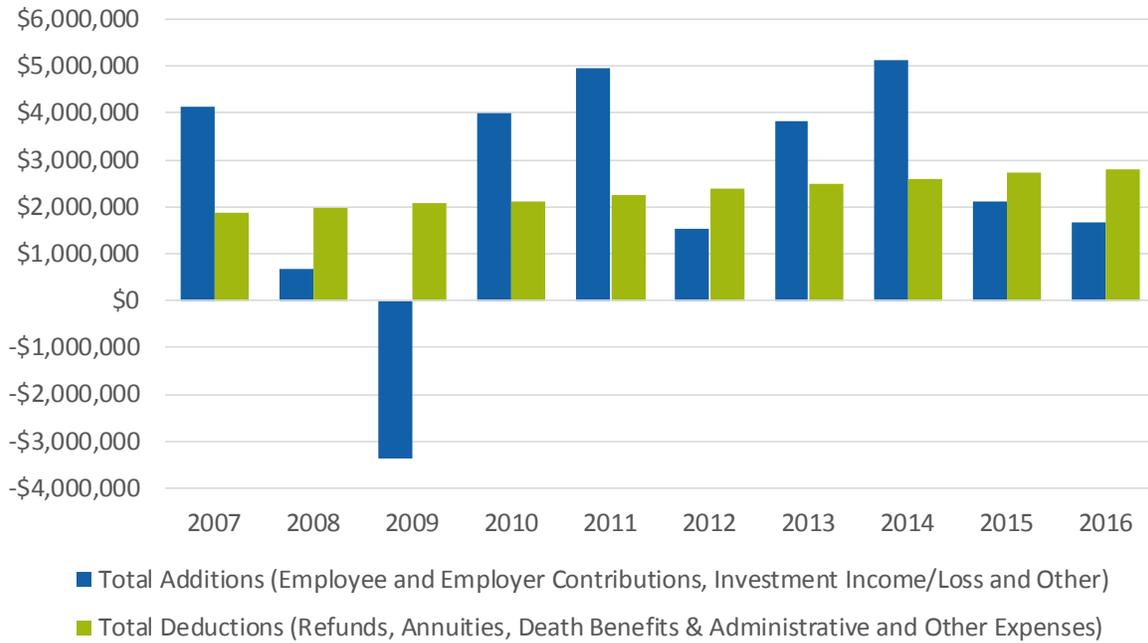
(Amounts expressed in thousands)

Year Ended June 30,	Refunds	Annuity Expenses	Death Benefit Claims	Administrative and Other Expenses ¹	Total
South Carolina Retirement System (SCRS)					
2016	\$ 93,694	\$ 2,668,819	\$ 20,659	\$ 14,323	\$ 2,797,495
2015	95,104	2,590,806	20,144	13,890	2,719,944
2014	90,250	2,462,146	19,240	14,235	2,585,871
2013	87,212	2,368,510	19,133	16,629	2,491,484
2012	83,134	2,256,519	18,295	21,683	2,379,631
2011	84,591	2,134,031	16,485	20,467	2,255,574
2010	75,814	2,014,418	19,921	19,593	2,129,746
2009	73,882	1,956,446	17,908	20,371	2,068,607
2008	79,027	1,853,892	17,617	20,752	1,971,288
2007	77,212	1,747,192	15,948	18,254	1,858,606
Police Officer's Retirement System (PORS)					
2016	\$ 19,178	\$ 339,536	\$ 1,960	\$ 2,082	\$ 362,756
2015	17,453	324,829	2,150	1,938	346,370
2014	16,184	313,216	2,410	1,820	333,630
2013	14,983	297,631	1,985	2,006	316,605
2012	15,162	265,582	1,851	2,872	285,467
2011	14,902	244,443	1,984	2,735	264,064
2010	13,673	224,977	2,019	2,577	243,246
2009	13,753	211,873	1,720	2,537	229,883
2008	13,754	195,989	2,068	2,505	214,316
2007	12,543	181,388	1,919	2,179	198,029
General Assembly Retirement System (GARS)					
2016	22	\$ 6,625	\$ 9	\$ 165	\$ 6,821
2015		6,639	21	36	6,696
2014	41	6,799	20	17	6,877
2013	3	6,720	16	20	6,759
2012	31	6,570	35	30	6,666
2011	57	6,528	58	179	6,822
2010	4	6,512	6	33	6,555
2009	33	6,416	14	116	6,579
2008	102	6,181	28	64	6,375
2007	70	5,935	5	34	6,044
Judges and Solicitors Retirement System (JSRS)					
2016	\$ 60	\$ 16,989	\$ 143	\$ 105	\$ 17,297
2015		16,832	4	71	16,907
2014		16,675	10	68	16,753
2013	57	15,745	134	76	16,012
2012	134	15,171	134	111	15,550
2011		14,750	128	104	14,982
2010		14,168	11	101	14,280
2009		13,484	134	104	13,722
2008	211	12,848	256	103	13,418
2007		10,348	381	92	10,821
South Carolina National Guard Supplemental Retirement Plan (SCNG)					
2016	\$ -	\$ 4,310	\$ -	\$ 12	\$ 4,322
2015		4,249		11	4,260
2014		4,248		10	4,258
2013		4,193		10	4,203
2012		4,065		15	4,080
2011		4,011		13	4,024
2010		3,624		13	3,637
2009		3,432		15	3,447
2008		3,199		156	3,355
2007		2,926		59	2,985

¹As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

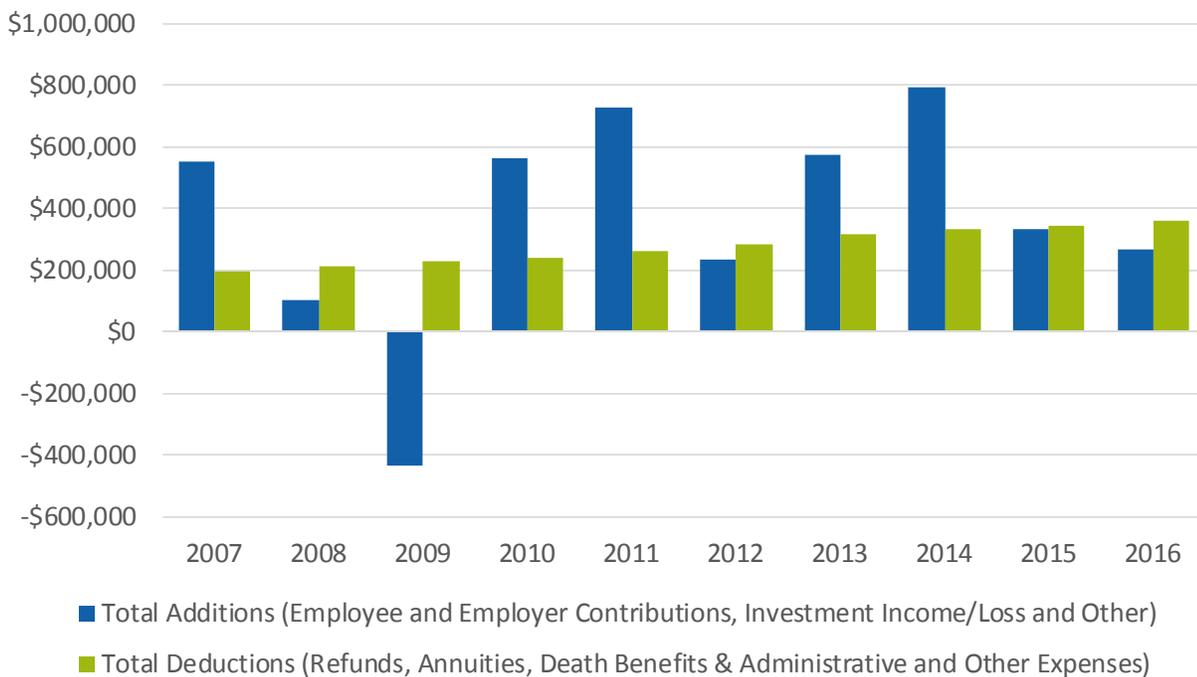
South Carolina Retirement System Pension Trust Funds Additions and Deductions

(Amounts expressed in thousands)



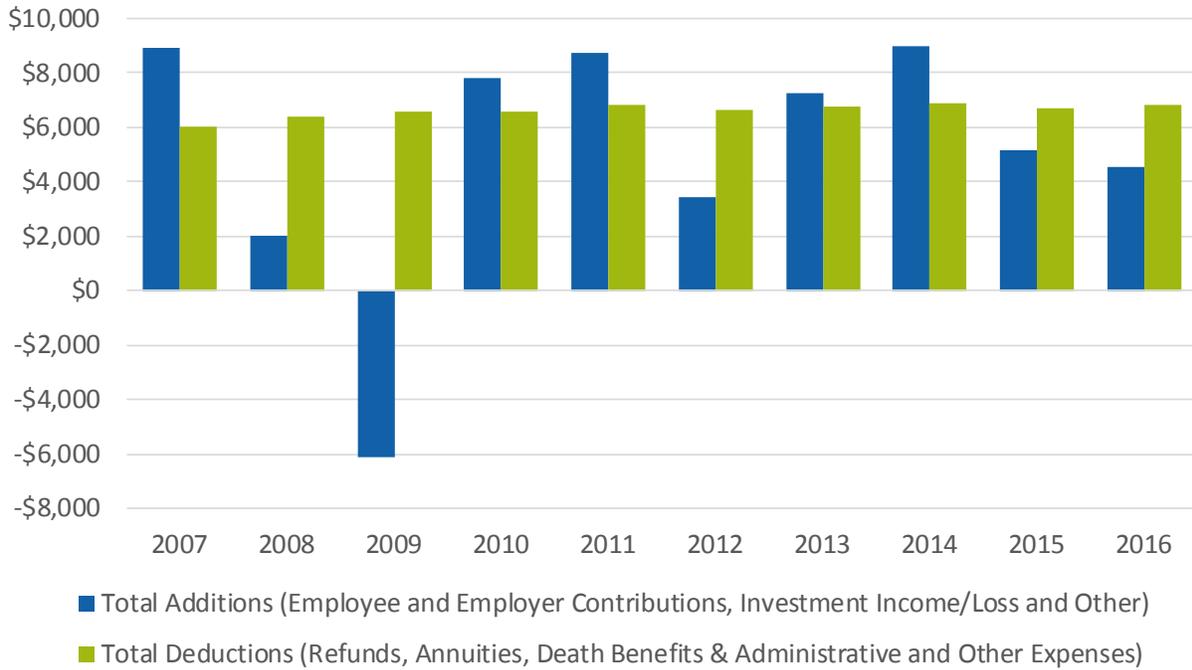
Police Officers Retirement System Pension Trust Funds Additions and Deductions

(Amounts expressed in thousands)



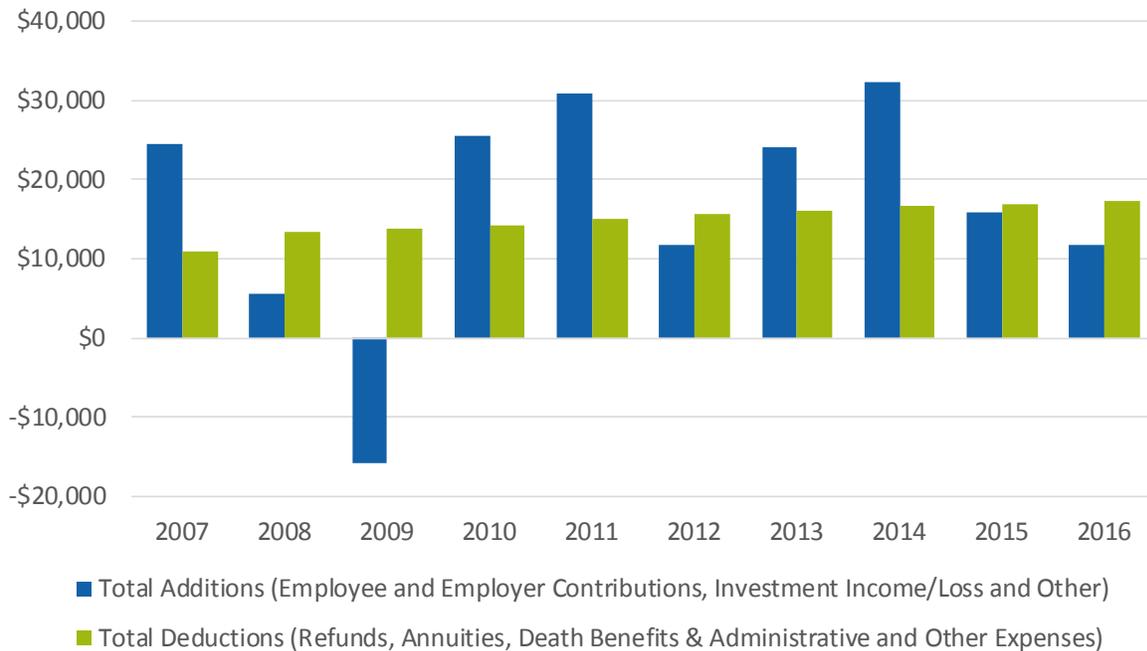
General Assembly Retirement System Pension Trust Funds Additions and Deductions

(Amounts expressed in thousands)



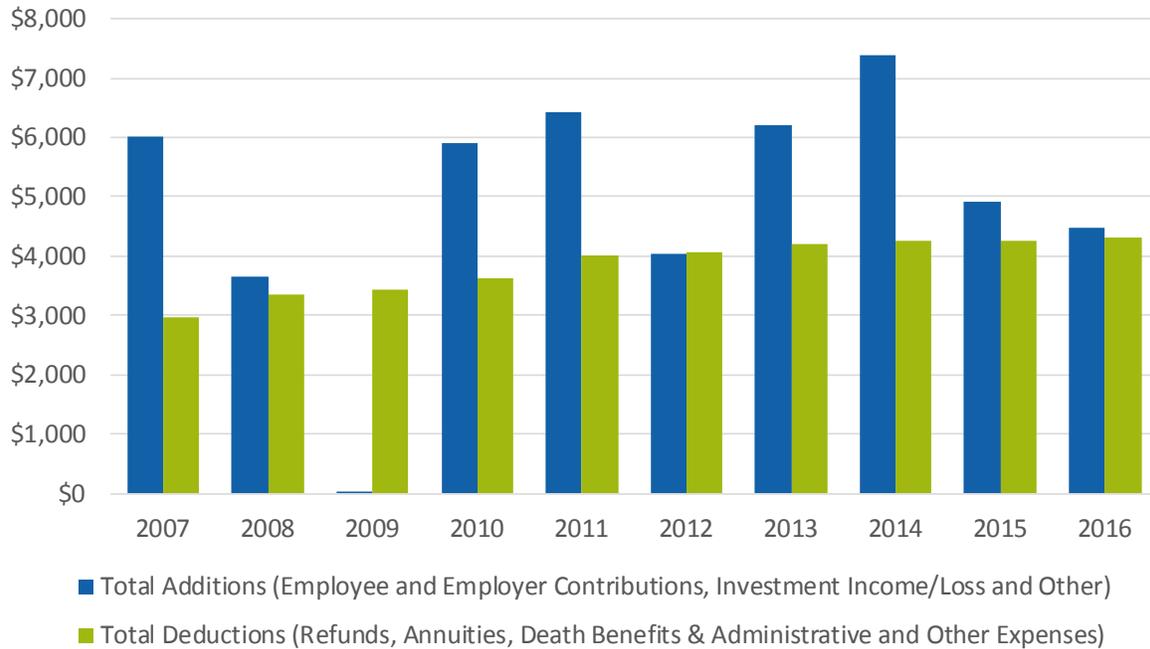
Judges and Solicitors Retirement System Pension Trust Funds Additions and Deductions

(Amounts expressed in thousands)



South Carolina National Guard Supplemental Retirement Plan Pension Trust Funds Additions and Deductions

(Amounts expressed in thousands)



Pension Trust Funds Benefit Expenses by Type

(Amounts expressed in thousands)

Year Ended June 30,	Refunds		Annuity Expenses		Death Benefit Claims		Total
	Member	Survivor/Other	Member	Survivor/Other	Active	Retired	
South Carolina Retirement System (SCRS)							
2016	\$ 87,419	\$ 6,275	\$ 2,552,413	\$ 116,406	\$ 8,626	\$ 12,033	\$ 2,783,172
2015	88,952	6,152	2,480,965	109,841	8,427	11,717	2,706,054
2014	84,678	5,572	2,356,997	105,149	8,452	10,788	2,571,636
2013 ¹	81,754	5,458	2,267,657	100,853	8,245	10,888	2,474,855
2012	77,707	5,427	2,160,393	96,126	8,469	9,826	2,357,948
2011	79,238	5,353	2,043,662	90,369	7,815	8,670	2,235,107
2010	70,917	4,897	1,929,281	85,137	7,495	12,426	2,110,153
2009	68,762	5,120	1,873,998	82,448	8,063	9,845	2,048,236
2008	74,233	4,794	1,776,592	77,300	7,791	9,826	1,950,536
2007	71,778	5,434	1,674,534	72,658	7,509	8,439	1,840,352
Police Officer's Retirement System (PORS)							
2016	\$ 18,565	\$ 613	\$ 320,079	\$ 19,457	\$ 971	\$ 989	\$ 360,674
2015	16,603	850	306,383	18,446	976	1,174	344,432
2014	15,551	633	295,566	17,650	1,192	1,218	331,810
2013	14,246	737	280,699	16,932	1,020	965	314,599
2012	14,618	544	249,123	16,459	872	979	282,595
2011	14,518	384	228,739	15,704	912	1,072	261,329
2010	13,300	373	210,242	14,735	1,086	933	240,669
2009	13,243	510	197,529	14,344	936	784	227,346
2008	13,438	316	182,229	13,760	1,174	894	211,811
2007	12,063	480	168,785	12,603	1,178	741	195,850
General Assembly Retirement System (GARS)							
2016	\$ 22	\$ -	\$ 5,469	\$ 1,156	\$ -	\$ 9	\$ 6,656
2015			5,443	1,196		21	6,660
2014	41		5,587	1,212		20	6,860
2013		3	5,554	1,166		16	6,739
2012	7	24	5,389	1,181	22	13	6,636
2011	45	12	5,359	1,169	45	13	6,643
2010		4	5,296	1,216		6	6,522
2009	33		5,187	1,229		14	6,463
2008	55	47	5,016	1,165	22	6	6,311
2007	70		4,767	1,168		5	6,010
Judges and Solicitors Retirement System (JSRS)							
2016	\$ -	\$ 60	\$ 15,193	\$ 1,796	\$ 134	\$ 9	\$ 17,192
2015			14,996	1,836		4	16,836
2014			14,839	1,836		10	16,685
2013 ¹	57		13,997	1,748	131	3	15,936
2012	83	51	13,322	1,849	130	4	15,439
2011			12,864	1,886	127	1	14,878
2010			12,213	1,955	-	11	14,179
2009			11,668	1,816	130	4	13,618
2008		211	11,094	1,754	252	4	13,315
2007			8,747	1,601	371	10	10,729
South Carolina National Guard Supplemental Retirement Plan (SCNG)							
2016	\$ -	\$ -	\$ 4,309	\$ 1	\$ -	\$ -	\$ 4,310
2015			4,248	1			4,249
2014			4,247	1			4,248
2013			4,192	1			4,193
2012			4,064	1			4,065
2011			4,010	1			4,011
2010			3,623	1			3,624
2009			3,431	1			3,432
2008			3,198	1			3,199
2007			2,925	1			2,926

¹As a result of the implementation of GASB 67, Annuities reported in fiscal year 2013 have been restated to include only DROP amounts actually distributed to participants as well as amounts due but not yet distributed.

Operating Information

Operating Information is intended to provide contextual information about the Systems' operations and resources to assist readers in using financial statement information to comprehend and evaluate the Systems' fiscal state. Schedules containing operating information include retired members by type of benefit and retired members by years of service, and principal participating employers for the current fiscal year and 10 years prior.

Although retirement types include service, disability and beneficiary payees, members retiring at normal retirement based on age and service represent the majority of the systems' annuitant payees. Various payment options are available at retirement; however, the majority of members elect to receive benefits under the maximum benefit level.

From fiscal year 2007 to fiscal year 2016, there was an overall increase in both the number of participating employers and the total number of covered employees for both SCRS and PORS; however, there was actually a decrease in the number of covered employees for some specific employers. This decrease stemmed from the economic recession experienced in the US between 2007 and 2009 which resulted in a reduction in hiring and an increase in retirements due to various incentives offered. Additionally, the Retirement Systems' TERE program and previous liberal return to work provisions, caused more working retired members to fill positions that were previously occupied by active employees. Retirement reform legislation tightened return to work provisions prospectively by closing the TERE program to all members effective June 30, 2018 and implementing an earnings limit for certain members retiring after January 1, 2013.

South Carolina Retirement System Retired Members by Type of Benefit

As of June 30, 2016

Monthly Benefit ¹	Number of												
	Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	26,506	19,988	241	2,567	2,681	1,029	18,273	117	1,482	484	263	4,224	1,663
\$ 501 - \$1,000	25,492	17,671	768	1,911	4,427	715	17,734	109	1,056	387	512	3,752	1,942
\$1,001 - \$1,500	19,401	14,043	1,177	1,166	2,713	302	12,565	79	649	202	945	3,076	1,885
\$1,501 - \$2,000	16,683	13,128	1,171	724	1,512	148	9,828	62	421	182	1,494	2,881	1,815
\$2,001 - \$2,500	18,026	15,708	889	446	926	57	10,374	68	242	138	1,523	3,364	2,317
\$2,501 - \$3,000	15,233	14,040	390	249	529	25	10,363	44	187	94	605	2,212	1,728
\$3,001 - \$3,500	7,132	6,595	140	165	219	13	4,505	25	142	77	305	1,187	891
\$3,501 - \$4,000	3,937	3,661	69	95	108	4	2,395	8	102	51	174	628	579
\$4,001 - \$4,500	2,278	2,147	31	59	38	3	1,387	11	55	45	83	377	320
\$4,501 - \$5,000	1,263	1,189	22	28	22	2	694	7	40	29	32	249	212
Over \$5,000	2,225	2,124	19	61	20	1	1,034	11	88	74	26	527	465
Totals	138,176	110,294	4,917	7,471	13,195	2,299	89,152	541	4,464	1,763	5,962	22,477	13,817

Type 1: Normal Retirement for Age and Service
Type 2: Early Retirement
Type 3: Beneficiary Payment²
Type 4: Disability Payment
Type 5: Beneficiary Payment, Disability Payment
Option 0: Maximum Benefit
Option 1: 10 Year Beneficiary Protection
Option 2: Survivor Benefit, Full Payment
Option 3: Survivor Benefit, Half Payment
Option 4: Social Security Option
Option 5: Survivor Benefit, Full Payment, Revert to Maximum
Option 6: Survivor Benefit, Half Payment, Revert to Maximum

Police Officers Retirement System Retired Members by Type of Benefit

As of June 30, 2016

Monthly Benefit ¹	Number of												
	Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	2,693	1,754	342	393	123	81	1,582	136	65	110		591	209
\$ 501 - \$1,000	3,164	2,004	225	397	437	101	1,905	168	59	134		595	303
\$1,001 - \$1,500	2,777	1,657	225	268	572	55	1,584	102	55	168		543	325
\$1,501 - \$2,000	2,790	1,817	224	145	581	23	1,578	62	35	226		531	358
\$2,001 - \$2,500	2,442	1,771	127	82	451	11	1,452	40	17	132		449	352
\$2,501 - \$3,000	1,641	1,295	60	36	247	3	1,006	23	18	92		274	228
\$3,001 - \$3,500	844	704	22	22	94	2	565	13	12	27		117	110
\$3,501 - \$4,000	496	435	7	4	50		350	4	8	10		56	68
\$4,001 - \$4,500	264	240	1	5	18		175	5	1	6		32	45
\$4,501 - \$5,000	127	121		1	5		76	1	7	6		10	27
Over \$5,000	184	176	2	3	3		127	4	4	3		10	36
Totals	17,422	11,974	1,235	1,356	2,581	276	10,400	558	281	914		3,208	2,061

Type 1: Normal Retirement for Age and Service
Type 2: Early Retirement
Type 3: Beneficiary Payment²
Type 4: Disability Payment
Type 5: Beneficiary Payment, Disability Payment
Option 0: Maximum Benefit
Option 1: Survivor Benefit, Full Payment
Option 2: Survivor Benefit, Half Payment
Option 3: Social Security Option
Option 5: Survivor Benefit, Full Payment, Revert to Maximum
Option 6: Survivor Benefit, Half Payment, Revert to Maximum

¹Monthly benefit amounts represent current payment levels for all annuitant payees receiving monthly benefits, including any applicable benefit adjustments.

²Beneficiary payments include payments to alternate payees in accordance with Qualified Domestic Relations orders.

General Assembly Retirement System Retired Members by Type of Benefit

As of June 30, 2016

Monthly Benefit ¹	Number of Annuitant Payees	Number of Annuitant Payees											
		Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	31	9	4	18			9	8	4			4	6
\$ 501 - \$1,000	70	39	5	26			25	19	5			14	7
\$1,001 - \$1,500	68	43	6	19			21	22	9			7	9
\$1,501 - \$ 2,000	105	74	23	8			43	29	12			14	7
\$2,001 - \$2,500	43	30	6	7			18	10	4			9	2
\$2,501 - \$3,000	25	22	1	2			10	5	2			6	2
\$3,001 - \$3,500	12	8	1	3			5	5	1			1	
\$3,501 - \$4,000	3	2		1				3					
\$4,001 - \$4,500	2	2					2						
\$4,501 - \$5,000													
Over \$5,000													
Totals	359	229	46	84			133	101	37			55	33

Type 1: Normal Retirement for Age and Service
Type 2: Early Retirement
Type 3: Beneficiary Payment²

Option 0: Maximum Benefit
Option 1: Survivor Benefit, Full Payment
Option 2: Survivor Benefit, Half Payment
Option 5: Survivor Benefit, Full Payment, Revert to Maximum
Option 6: Survivor Benefit, Half Payment, Revert to Maximum

Judges and Solicitors Retirement System Retired Members by Type of Benefit

As of June 30, 2016

Monthly Benefit ¹	Number of Annuitant Payees	Number of Annuitant Payees											
		Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	1	1					1						
\$ 501 - \$1,000	10			10				10					
\$1,001 - \$1,500	1			1			1						
\$1,501 - \$ 2,000	5			5			2	3					
\$2,001 - \$2,500	3			3			2	1					
\$2,501 - \$3,000	26			26			25	1					
\$3,001 - \$3,500	15	1		14			14	1					
\$3,501 - \$4,000	2	1		1			1	1					
\$4,001 - \$4,500	3	3					3						
\$4,501 - \$5,000	2	2					2						
Over \$5,000	142	141		1			136	6					
Totals	210	149		61			187	23					

Type 1: Normal Retirement for Age and Service
Type 3: Beneficiary Payment²

Option 0: Maximum Benefit with Spouse Beneficiary
Option 1: Reduced Benefit with Non-Spouse Beneficiary

¹Monthly benefit amounts represent current payment levels for all annuitant payees receiving monthly benefits, including any applicable benefit adjustments.

²Beneficiary payments include payments to alternate payees in accordance with Qualified Domestic Relations orders.

South Carolina National Guard Supplemental Retirement Plan

Retired Members by Type of Benefit

As of June 30, 2016

Monthly Benefit ¹	Number of Annuitant Payees												
	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	
\$ 1 - \$ 500	4,732	4,732					4,732						
\$ 501 - \$1,000													
\$1,001 - \$1,500													
\$1,501 - \$ 2,000													
\$2,001 - \$2,500													
\$2,501 - \$3,000													
\$3,001 - \$3,500													
\$3,501 - \$4,000													
\$4,001 - \$4,500													
\$4,501 - \$5,000													
Over \$5,000													
Totals	4,732	4,732					4,732						

Type 1: Normal Retirement for Age and Service

Option 0: Maximum Benefit

¹Monthly benefit amounts represent current payment levels for all annuitant payees receiving monthly benefits, including any applicable benefit adjustments.

South Carolina Retirement System Retired Members by Years of Service

	Years of Credited Service							Avg/Tot
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit	\$ 197.53	\$ 338.01	\$ 614.32	\$ 890.00	\$ 1,180.29	\$ 1,981.95	\$ 2,516.61	\$ 1,332.24
Average AFC	\$ 27,519.51	\$ 28,298.57	\$ 34,062.55	\$ 36,554.81	\$ 38,276.60	\$ 48,965.20	\$ 54,061.35	\$ 41,167.19
Number of Retired members	108	841	847	702	554	2,483	294	5,829
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit	\$ 176.70	\$ 363.70	\$ 595.88	\$ 909.41	\$ 1,246.61	\$ 2,043.53	\$ 2,679.92	\$ 1,403.01
Average AFC	\$ 31,761.84	\$ 30,201.39	\$ 33,050.24	\$ 36,763.05	\$ 40,219.11	\$ 50,516.64	\$ 58,801.46	\$ 42,826.60
Number of Retired members	120	794	878	675	568	2,478	404	5,917
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit	\$ 185.70	\$ 367.45	\$ 618.72	\$ 946.22	\$ 1,302.99	\$ 2,164.92	\$ 2,970.18	\$ 1,461.93
Average AFC	\$ 28,729.29	\$ 30,154.09	\$ 34,626.66	\$ 38,205.49	\$ 42,049.14	\$ 53,625.28	\$ 65,133.55	\$ 44,749.97
Number of Retired members	121	786	892	689	645	2,197	451	5,781
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit	\$ 208.16	\$ 383.06	\$ 645.01	\$ 980.66	\$ 1,343.64	\$ 2,220.91	\$ 2,908.79	\$ 1,485.72
Average AFC	\$ 31,836.52	\$ 30,557.99	\$ 35,746.52	\$ 40,111.25	\$ 43,257.40	\$ 55,242.31	\$ 63,116.06	\$ 45,746.76
Number of Retired members	123	826	1,023	750	729	2,123	597	6,171
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit	\$ 201.31	\$ 377.33	\$ 657.18	\$ 1,009.75	\$ 1,368.58	\$ 2,282.91	\$ 2,888.47	\$ 1,444.37
Average AFC	\$ 30,617.92	\$ 31,040.25	\$ 35,794.70	\$ 40,266.56	\$ 43,953.46	\$ 56,937.57	\$ 63,063.96	\$ 45,576.22
Number of Retired members	148	905	1,102	845	757	1,901	587	6,245
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit	\$ 157.11	\$ 383.45	\$ 676.22	\$ 1,059.93	\$ 1,359.03	\$ 2,311.67	\$ 2,876.08	\$ 1,635.47
Average AFC	\$ 33,828.02	\$ 33,017.87	\$ 37,641.62	\$ 43,430.59	\$ 44,274.51	\$ 57,575.59	\$ 61,592.86	\$ 48,812.01
Number of Retired members	170	1,027	1,369	1,006	1,048	3,291	1,204	9,115
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit	\$ 163.89	\$ 374.60	\$ 667.88	\$ 1,018.91	\$ 1,401.88	\$ 2,306.62	\$ 2,939.99	\$ 1,669.13
Average AFC	\$ 33,386.42	\$ 32,997.19	\$ 36,720.72	\$ 41,805.89	\$ 45,130.84	\$ 56,907.56	\$ 62,281.05	\$ 48,784.26
Number of Retired members	126	1,058	1,206	937	832	3,366	1,143	8,668
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit	\$ 171.11	\$ 412.43	\$ 699.86	\$ 1,043.72	\$ 1,432.51	\$ 2,189.57	\$ 3,085.83	\$ 1,468.36
Average AFC	\$ 38,657.97	\$ 37,728.38	\$ 39,319.29	\$ 43,520.46	\$ 46,328.91	\$ 54,727.68	\$ 65,115.87	\$ 47,674.57
Number of Retired members	109	965	1,048	1,004	755	2,159	533	6,573
Period 07/01/2014 to 06/30/2015								
Average Monthly benefit	\$ 99.02	\$ 348.13	\$ 620.41	\$ 948.93	\$ 1,396.77	\$ 2,172.72	\$ 2,910.98	\$ 1,377.49
Average AFC	\$ 32,183.13	\$ 35,050.07	\$ 37,637.04	\$ 41,752.18	\$ 47,507.63	\$ 54,410.73	\$ 60,724.81	\$ 46,038.70
Number of Retired members	105	898	1,021	894	776	2,018	388	6,100
Period 07/01/2015 to 06/30/2016								
Average Monthly benefit	\$ 119.74	\$ 381.20	\$ 649.18	\$ 981.81	\$ 1,420.63	\$ 2,160.80	\$ 2,840.35	\$ 1,366.13
Average AFC	\$ 34,410.36	\$ 37,085.70	\$ 39,199.68	\$ 42,773.23	\$ 48,347.66	\$ 54,122.38	\$ 59,804.90	\$ 46,545.79
Number of Retired members	73	828	1,042	973	756	1,904	321	5,897
Ten year Averages								
Average Monthly benefit	\$ 170.87	\$ 373.67	\$ 647.68	\$ 985.47	\$ 1,354.18	\$ 2,190.38	\$ 2,888.11	\$ 1,481.13
Average AFC	\$ 32,227.80	\$ 32,731.52	\$ 36,543.18	\$ 40,874.99	\$ 44,248.80	\$ 54,437.46	\$ 61,894.16	\$ 46,088.64
Number of Retired members	1,203	8,928	10,428	8,475	7,420	23,920	5,922	66,296

Note: Benefit amounts represent original monthly benefit at retirement for all retirees who retired during the referenced period and, for comparison purposes, do not include benefit adjustments. Although a member's retirement eligibility and AFC may include service from other correlated Systems, the Years of Credited Service in this schedule represents only service credit used for calculating the monthly benefit under this respective System.

Police Officers Retirement System

Retired Members by Years of Service

	Years of Credited Service							Avg/Tot
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit	\$ 314.01	\$ 585.23	\$ 921.84	\$ 1,314.16	\$ 1,834.59	\$ 2,371.87	\$ 3,793.93	\$ 1,464.49
Average AFC	\$ 33,829.80	\$ 35,953.69	\$ 38,076.76	\$ 41,295.87	\$ 45,193.83	\$ 53,041.40	\$ 69,279.13	\$ 43,737.72
Number of Retired members	70	131	119	112	98	191	29	750
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit	\$ 339.75	\$ 672.20	\$ 1,029.33	\$ 1,338.21	\$ 1,913.22	\$ 2,437.16	\$ 3,760.37	\$ 1,561.75
Average AFC	\$ 38,746.31	\$ 36,996.15	\$ 39,502.53	\$ 41,671.69	\$ 47,970.26	\$ 54,925.42	\$ 69,695.78	\$ 45,930.96
Number of Retired members	72	132	119	97	98	197	38	753
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit	\$ 359.33	\$ 666.06	\$ 1,060.74	\$ 1,460.31	\$ 1,945.86	\$ 2,546.98	\$ 3,777.66	\$ 1,760.02
Average AFC	\$ 41,358.25	\$ 40,388.45	\$ 41,602.78	\$ 43,217.29	\$ 49,465.82	\$ 56,365.99	\$ 67,110.63	\$ 49,025.04
Number of Retired members	67	133	136	88	106	272	63	865
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit	\$ 417.61	\$ 699.54	\$ 984.23	\$ 1,357.38	\$ 1,975.74	\$ 2,447.52	\$ 3,581.54	\$ 1,633.07
Average AFC	\$ 40,722.91	\$ 39,473.83	\$ 40,088.38	\$ 42,712.24	\$ 48,826.52	\$ 55,428.90	\$ 63,527.80	\$ 47,202.77
Number of Retired members	80	121	127	129	120	240	47	864
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit	\$ 247.37	\$ 708.00	\$ 1,020.85	\$ 1,474.19	\$ 1,929.16	\$ 2,482.99	\$ 3,569.41	\$ 1,584.50
Average AFC	\$ 37,600.27	\$ 39,952.37	\$ 40,400.70	\$ 44,622.87	\$ 47,089.42	\$ 55,621.41	\$ 65,042.40	\$ 46,655.15
Number of Retired members	92	157	181	117	145	274	40	1,006
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit	\$ 298.11	\$ 714.18	\$ 1,052.50	\$ 1,427.66	\$ 2,045.53	\$ 2,498.86	\$ 3,623.72	\$ 1,773.83
Average AFC	\$ 44,750.04	\$ 39,975.77	\$ 42,779.30	\$ 43,692.98	\$ 51,113.91	\$ 56,323.82	\$ 66,397.34	\$ 49,905.06
Number of Retired members	125	200	184	156	217	552	67	1501
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit	\$ 225.26	\$ 644.56	\$ 1,061.28	\$ 1,543.78	\$ 1,920.39	\$ 2,419.31	\$ 3,640.68	\$ 1,670.82
Average AFC	\$ 45,104.35	\$ 38,218.81	\$ 41,442.32	\$ 47,487.15	\$ 48,478.52	\$ 54,611.27	\$ 68,020.52	\$ 48,265.26
Number of Retired members	80	170	164	161	185	421	25	1,206
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit	\$ 271.83	\$ 869.08	\$ 1,200.86	\$ 1,448.09	\$ 2,051.64	\$ 2,363.73	\$ 4,282.03	\$ 1,481.96
Average AFC	\$ 43,936.82	\$ 40,535.67	\$ 43,476.29	\$ 45,089.53	\$ 50,432.14	\$ 52,417.06	\$ 76,060.04	\$ 46,688.91
Number of Retired members	86	144	147	125	85	145	22	754
Period 07/01/2014 to 06/30/2015								
Average Monthly benefit	\$ 233.65	\$ 719.33	\$ 994.44	\$ 1,376.73	\$ 1,922.56	\$ 2,562.22	\$ 3,469.56	\$ 1,508.67
Average AFC	\$ 40,223.03	\$ 39,791.68	\$ 42,066.03	\$ 43,617.43	\$ 49,715.38	\$ 57,066.54	\$ 66,611.71	\$ 46,888.65
Number of Retired members	60	173	131	151	145	176	28	864
Period 07/01/2015 to 06/30/2016								
Average Monthly benefit	\$ 276.13	\$ 751.66	\$ 1,094.46	\$ 1,433.78	\$ 2,019.36	\$ 2,446.96	\$ 3,345.44	\$ 1,570.83
Average AFC	\$ 43,153.80	\$ 40,958.36	\$ 42,564.80	\$ 45,580.47	\$ 52,308.51	\$ 54,475.30	\$ 61,337.55	\$ 47,818.51
Number of Retired members	66	150	137	128	120	202	34	837
Ten year Averages								
Average Monthly benefit	\$ 297.73	\$ 704.52	\$ 1,045.45	\$ 1,421.49	\$ 1,959.79	\$ 2,464.25	\$ 3,666.47	\$ 1,618.62
Average AFC	\$ 41,213.62	\$ 39,293.12	\$ 41,311.68	\$ 44,082.32	\$ 49,199.37	\$ 55,265.00	\$ 66,784.37	\$ 47,486.55
Number of Retired members	798	1,511	1,445	1,264	1,319	2,670	393	9,400

Note: Benefit amounts represent original monthly benefit at retirement for all retirees who retired during the referenced period and, for comparison purposes, do not include benefit adjustments. Although a member's retirement eligibility and AFC may include service from other correlated Systems, the Years of Credited Service in this schedule represents only service credit used for calculating the monthly benefit under this respective System

General Assembly Retirement System Retired Members by Years of Service

	Years of Credited Service							Avg/Tot
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit		\$ 899.73	\$ 914.61	\$ 1,348.59	\$ 1,843.28		\$ 2,619.33	\$ 1,778.87
Average AFC		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00		\$ 22,400.00	\$ 22,400.00
Number of Retired members		1	1	3	8		3	16
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit	\$ 319.69		\$ 969.43	\$ 1,649.07	\$ 1,684.61	\$ 2,095.51	\$ 2,555.55	\$ 1,687.41
Average AFC	\$ 22,400.00		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00
Number of Retired members	1		2	5	5	1	3	17
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit		\$ 683.40	\$ 971.68	\$ 1,324.67	\$ 1,738.19	\$ 2,416.04	\$ 2,590.37	\$ 1,587.90
Average AFC		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00
Number of Retired members		2	3	4	7	2	2	20
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit				\$ 1,298.78		\$ 2,476.92		\$ 1,887.50
Average AFC				\$ 22,400.00		\$ 22,400.00		\$ 22,400.00
Number of Retired members				2		2		4
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit	\$ 132.70		\$ 1,068.00	\$ 1,142.12	\$ 1,901.69	\$ 2,838.65	\$ 3,207.33	\$ 1,852.00
Average AFC	\$ 22,400.00		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 24,200.00	\$ 27,900.00	\$ 23,727.27
Number of Retired members	1		3	1	2	2	2	11
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit		\$ 719.79	\$ 1,097.69	\$ 1,541.77	\$ 1,945.10		\$ 2,092.90	\$ 1,468.33
Average AFC		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00		\$ 22,400.00	\$ 22,400.00
Number of Retired members		1	5	1	4		1	12
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit		\$ 831.73	\$ 1,039.12	\$ 1,448.99	\$ 1,898.75	\$ 1,886.18	\$ 2,305.65	\$ 1,652.52
Average AFC		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00
Number of Retired members		1	5	2	4	3	4	19
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit	\$ 152.97	\$ 539.84			\$ 2,313.46		\$ 2,547.40	\$ 1,387.75
Average AFC	\$ 22,400.00	\$ 22,400.00			\$ 26,000.00		\$ 22,400.00	\$ 23,300.00
Number of Retired members	1	1			1		1	4
Period 07/01/2014 to 06/30/2015								
Average Monthly benefit			\$ 997.75	\$ 1,281.62	\$ 1,822.57			\$ 1,358.60
Average AFC			\$ 22,400.00	\$ 22,400.00	\$ 22,400.00			\$ 22,400.00
Number of Retired members			3	4	3			10
Period 07/01/2015 to 06/30/2016								
Average Monthly benefit	\$ 407.65				\$ 1,798.98	\$ 3,194.91		\$ 1,799.50
Average AFC	\$ 22,400.00				\$ 22,400.00	\$ 33,400.00		\$ 25,150.00
Number of Retired members	1				2	1		4
Ten year Averages								
Average Monthly benefit	\$ 253.25	\$ 726.31	\$ 1,029.54	\$ 1,404.35	\$ 1,830.40	\$ 2,401.11	\$ 2,561.43	\$ 1,642.79
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,500.00	\$ 23,727.27	\$ 23,087.50	\$ 22,649.57
Number of Retired members	4	6	22	22	36	11	16	117

Note: Benefit amounts represent original monthly benefit at retirement for all retirees who retired during the referenced period and, for comparison purposes, do not include benefit adjustments. Although a member's retirement eligibility and AFC may include service from other correlated Systems, the Years of Credited Service in this schedule represents only service credit used for calculating the monthly benefit under this respective System.

Judges and Solicitors Retirement System Retired Members by Years of Service

	Years of Credited Service						Avg/Tot
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	
Period 07/01/2006 to 06/30/2007							
Average Monthly benefit		\$ 4,430.37	\$ 5,184.19	\$ 7,456.84	\$ 8,433.08	\$ 9,227.51	\$ 8,697.00
Average AFC		\$ 125,265.00	\$ 124,955.00	\$ 124,955.00	\$ 121,968.00	\$ 126,312.05	\$ 125,770.78
Number of Retired members		1	1	1	2	18	23
Period 07/01/2007 to 06/30/2008							
Average Monthly benefit		\$ 4,079.72	\$ 7,867.78		\$ 8,215.93	\$ 9,343.57	\$ 8,030.20
Average AFC		\$ 127,165.50	\$ 132,417.00		\$ 125,627.00	\$ 127,890.33	\$ 127,971.70
Number of Retired members		2	1		1	6	10
Period 07/01/2008 to 06/30/2009							
Average Monthly benefit		\$ 7,742.70		\$ 6,985.17	\$ 8,743.82	\$ 9,446.04	\$ 8,358.22
Average AFC		\$ 130,312.00		\$ 128,026.00	\$ 130,312.00	\$ 128,597.50	\$ 128,788.00
Number of Retired members		1		3	1	4	9
Period 07/01/2009 to 06/30/2010							
Average Monthly benefit				\$ 7,538.96	\$ 8,092.11	\$ 9,773.78	\$ 8,822.10
Average AFC				\$ 126,883.00	\$ 128,026.00	\$ 131,683.80	\$ 129,626.30
Number of Retired members				2	3	5	10
Period 07/01/2010 to 06/30/2011							
Average Monthly benefit				\$ 7,730.82	\$ 8,138.15	\$ 9,378.37	\$ 8,508.22
Average AFC				\$ 129,454.75	\$ 130,312.00	\$ 127,740.25	\$ 128,788.00
Number of Retired members				4	1	4	9
Period 07/01/2011 to 06/30/2012							
Average Monthly benefit			\$ 5,654.22		\$ 7,647.17	\$ 9,687.67	\$ 8,335.16
Average AFC			\$ 126,883.00		\$ 126,883.00	\$ 129,169.00	\$ 128,026.00
Number of Retired members			1		2	3	6
Period 07/01/2012 to 06/30/2013							
Average Monthly benefit		\$ 4,309.38	\$ 7,974.96	\$ 7,905.00		\$ 10,490.48	\$ 7,256.71
Average AFC		\$ 130,689.00	\$ 134,221.00	\$ 133,043.66		\$ 139,873.00	\$ 133,514.71
Number of Retired members		2	1	3		1	7
Period 07/01/2013 to 06/30/2014							
Average Monthly benefit			\$ 6,962.75	\$ 7,765.10	\$ 9,405.95	\$ 10,066.58	\$ 8,538.00
Average AFC			\$ 132,455.00	\$ 130,689.00	\$ 134,221.00	\$ 134,221.00	\$ 133,043.66
Number of Retired members			2	1	1	2	6
Period 07/01/2014 to 06/30/2015							
Average Monthly benefit			\$ 7,920.42	\$ 7,931.71	\$ 8,891.35	\$ 10,808.40	\$ 8,615.00
Average AFC			\$ 133,303.00	\$ 135,705.00	\$ 136,905.50	\$ 144,112.00	\$ 136,905.85
Number of Retired members			1	3	2	1	7
Period 07/01/2015 to 06/30/2016							
Average Monthly benefit						\$ 9,808.35	\$ 9,803.33
Average AFC						\$ 136,906.00	\$ 136,906.00
Number of Retired members						6	6
Ten year Averages							
Average Monthly benefit		\$ 4,825.21	\$ 6,932.43	\$ 7,628.75	\$ 8,363.33	\$ 9,513.36	\$ 8,511.38
Average AFC		\$ 128,547.66	\$ 130,955.57	\$ 130,444.29	\$ 128,927.92	\$ 129,721.98	\$ 129,760.10
Number of Retired members		6	7	17	13	50	93

Note: Benefit amounts represent original monthly benefit at retirement for all retirees who retired during the referenced period and, for comparison purposes, do not include benefit adjustments.

South Carolina National Guard Supplemental Retirement Plan Retired Members by Years of Service

	Years of Credited Service							Avg/Tot
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit				\$ 50.00	\$ 61.86	\$ 89.47	\$ 100.00	\$ 74.62
Average AFC								
Number of Retired members				64	174	95	94	427
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit				\$ 50.00	\$ 61.76	\$ 90.06	\$ 100.00	\$ 74.13
Average AFC								
Number of Retired members				61	170	75	92	398
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit				\$ 50.00	\$ 60.90	\$ 90.77	\$ 100.00	\$ 73.28
Average AFC								
Number of Retired members				60	143	71	72	346
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit				\$ 50.00	\$ 61.55	\$ 90.29	\$ 100.00	\$ 73.43
Average AFC								
Number of Retired members				59	135	51	80	325
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit				\$ 50.00	\$ 61.42	\$ 88.15	\$ 100.00	\$ 76.17
Average AFC								
Number of Retired members				39	116	65	82	302
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit				\$ 50.00	\$ 62.47	\$ 90.78	\$ 100.00	\$ 73.55
Average AFC								
Number of Retired members				49	103	38	62	252
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit				\$ 50.00	\$ 61.66	\$ 88.15	\$ 100.00	\$ 72.75
Average AFC								
Number of Retired members				47	105	46	56	254
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit				\$ 50.00	\$ 61.96	\$ 90.55	\$ 100.00	\$ 71.65
Average AFC								
Number of Retired members				34	79	27	35	175
Period 07/01/2014 to 06/30/2015								
Average Monthly benefit				\$ 50.00	\$ 62.62	\$ 90.90	\$ 100.00	\$ 76.39
Average AFC								
Number of Retired members				23	61	33	41	158
Period 07/01/2015 to 06/30/2016								
Average Monthly benefit				\$ 50.00	\$ 61.79	\$ 89.43	\$ 100.00	\$ 73.87
Average AFC								
Number of Retired members				26	81	44	35	186
Ten year Averages								
Average Monthly benefit				\$ 50.00	\$ 61.73	\$ 89.76	\$ 100.00	\$ 74.02
Average AFC								
Number of Retired members				462	1,167	545	649	2,823

Note: Benefit amounts represent original monthly benefit at retirement for all retirees who retired during the referenced period.

South Carolina Retirement System

Principal Participating Employers in Fiscal Year 2016 and Ten Years Prior Fiscal Year 2007

	Fiscal Year 2016					Fiscal Year 2007				
	<u>Covered Employees¹</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Total Active Members</u>	<u>Total Working Retirees</u>	<u>Covered Employees¹</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Total Active Members</u>	<u>Total Working Retirees</u>
<u>Participating Government</u>										
State Agency ²	32,739	1	14.17%	28,144	4,595	37,081	1	16.55%	31,938	5,143
School District of Greenville County	8,937	2	3.87%	7,748	1,189	9,062	2	4.04%	7,832	1,230
Lexington Medical Center	5,894	3	2.55%	5,690	204					
Horry County School District	5,832	4	2.52%	5,166	666	4,648	5	2.07%	4,181	467
University of South Carolina	5,587	5	2.41%	4,557	1,030	5,433	4	2.42%	4,403	1,030
MUSC Hospital	5,306	6	2.29%	5,002	304	4,392	7	1.96%	4,174	218
Charleston County School District	5,199	7	2.25%	4,658	541	5,746	3	2.56%	5,055	691
Spartanburg Regional Medical Center	4,821	8	2.08%	4,490	331	4,557	6	2.03%	4,362	195
Richland County School District 1	4,500	9	1.94%	3,713	787	4,281	8	1.91%	3,568	713
Lexington County School District 1	4,071	10	1.76%	3,624	447					
Clemson University						3,673	9	1.63%	3,082	591
Berkeley County Department of Education						3,619	10	1.61%	3,167	452
All Other	148,015		64.16%	129,732	18,283	141,476		63.22%	126,095	15,381
Total ³	230,901		100.00%	202,524	28,377	223,968		100.00%	197,857	26,111

In 2016, "All Other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Quasi-State\Higher Ed	30	19,115
City/County	575	54,814
Public Schools	112	74,086
Total	717	148,015

In 2007, "All Other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Quasi-State\Higher Ed	31	14,613
City/County	578	54,050
Public Schools	100	72,813
Total	709	141,476

¹Employers are considered to be participating employers if they submit contributions for an active member or working retiree during the fiscal year. The number of covered employees represents the total number of employees reported by the employer throughout the fiscal year which includes working retirees and TERI participants.

²Although each state agency reports separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Quasi-State Agencies and Institutions of Higher Education are counted as separate employers and included within the "State" category.

³Fiscal Year 2016 total includes 727 governmental entities and 2007 total includes 719 governmental entities.

Police Officers Retirement System

Principal Participating Employers in Fiscal Year 2016 and Ten Years Prior Fiscal Year 2007

<u>Participating Government</u>	<u>Fiscal Year 2016</u>					<u>Fiscal Year 2007</u>				
	<u>Covered Employees¹</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Total Active Members</u>	<u>Total Working Retirees</u>	<u>Covered Employees¹</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Total Active Members</u>	<u>Total Working Retirees</u>
State Agency ²	10,129	1	4.38%	9,303	826	11,259	1	38.00%	10,488	771
County Council of Richland County	1,007	2	0.43%	829	178	882	2	2.97%	790	92
Horry Co Council	986	3	0.42%	887	99	772	4	2.60%	735	37
City of Columbia	899	4	0.38%	820	79	825	3	2.78%	779	46
Greenville County Council	885	5	0.38%	747	138	739	5	2.49%	662	77
City of Charleston	821	6	0.35%	773	48	618	7	2.08%	555	63
County of Charleston	782	7	0.33%	649	133	670	6	2.26%	595	75
County of Lexington	695	8	0.30%	617	78	491	10	1.65%	442	49
City of North Charleston	632	9	0.27%	603	29	530	8	1.78%	509	21
Spartanburg County Council	575	10	0.24%	449	126	510	9	1.72%	446	64
All Other	14,638		92.52%	12,628	2,010	12,328		41.67%	11,216	1,112
Total ³	32,049		100.00%	28,305	3,744	29,624		100.00%	27,217	2,407

In 2016, "All Other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Quasi-State\Higher Ed	29	632
City/County	316	13,824
Public Schools	53	182
Total	398	14,638

In 2007, "All Other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Quasi-State\Higher Ed	27	507
City/County	291	11,729
Public Schools	41	92
Total	359	12,328

¹The number of covered employees represents the total number of employees reported by the employer throughout the fiscal year which includes working retirees.

²Although each state agency reports separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Quasi-State Agencies and Institutions of Higher Education are counted as separate employers and included within the "State" category.

³Fiscal Year 2016 total includes 408 governmental entities and 2007 total includes 369 governmental entities.

Revenue Capacity Information

Revenue Capacity Information is intended to assist users in realizing and reviewing the factors that affect the Systems' ability to generate revenues. Employee and employer contribution rates for the most recent ten fiscal years are presented to aid in this category.

Prior to fiscal year 2012, the employee contribution rates for SCRS and PORS were fixed by statute and had historically been changed infrequently, and any contribution increases determined by the annual actuarial valuations of the systems were made in the employer contribution rate. Retirement reform legislation enacted in 2012 set an increased contribution schedule for SCRS and PORS employee and employer contribution rates. This legislation scheduled employee contributions for SCRS and PORS to increase at a minimum from 6.5 percent to 8.0 percent in .5 percent increments annually from July 1, 2012, to July 1, 2014. Likewise, the legislation scheduled the SCRS employer contribution rate to increase to a minimum of 10.6 percent beginning July 1, 2012, and up to 10.9 percent beginning July 1, 2014. The legislation also scheduled the PORS employer contribution rate to increase to a minimum of 12.3 percent beginning July 1, 2012, to 12.5 percent July 1, 2013, and 13.0 percent July 1, 2014.

The reform legislation also authorized the employee and employer contribution rates for SCRS and PORS to be increased after June 30, 2015, in equal amounts not to exceed one-half of one percent in any one year in order to improve the funding of the plans. Further, if the last scheduled or adopted contribution rates are not sufficient to maintain a 30-year amortization period for the unfunded liability of SCRS or PORS, as determined by the annual actuarial valuations of the plan, the legislation requires the employee and employer contribution rates to be increased in equal amounts as necessary to maintain a 30-year amortization period for the plan. Finally, under the legislation, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 90 percent funded. In setting increases in contribution rates, historical practice has been for contribution rate increases required by the annual actuarial valuation to go into effect on a lag basis, with increased rates being effective the second July 1 after the valuation date.

Based upon the annual actuarial valuations of PORS for the next several years after the enactment of the retirement reform legislation, further contribution increases were required to maintain a 30-year amortization schedule for PORS. In the 2011 annual valuation, the Systems' actuaries found that the 7.5 percent employee and 12.5 percent employer contribution rates scheduled for July 1, 2013, were not sufficient to maintain a 30-year amortization period for PORS; therefore, the employee and employer contribution rates had to be increased by additional equal amounts of 0.34 percent to 7.84 percent and 12.84 percent, respectively, for the fiscal year beginning July 1, 2013. The following year, based upon the 2012 actuarial valuation of PORS, contribution rates were required to increase to 8.41 percent for employees and 13.41 percent for employers beginning July 1, 2014. In the 2013 actuarial valuations of both SCRS and PORS, the actuaries determined that neither the SCRS nor PORS employee and employer contribution rates beginning July 1, 2015, were sufficient to maintain a 30-year amortization period for either plan. Accordingly, beginning July 1, 2015, SCRS employee and employer contribution rates increased by an additional 0.16 percent of pay to 8.16 and 11.06 percent of pay respectively, and PORS employee and employer contribution rates increased by an additional 0.33 percent of pay to 8.74 percent and 13.34 percent, respectively. Although no contribution rate increases were required by the 2014 annual actuarial valuations of the plans as the result of favorable investment experience in the 2013 and 2014 fiscal years, subsequent investment underperformance beginning in the 2015 fiscal year has increased funding requirements for the plans. Given the magnitude of the deferred investment losses resulting from that underperformance and diminished short-term investment projections, the employee and employer contribution rates for SCRS and PORS were increased by one-half of one percent each effective July 1, 2016, and are expected to be increased further over the next several years in response to the increased funding requirements for the plans.

Employee Contribution Rates¹

Most Recent 10 Fiscal Years

Fiscal Year Ended June 30,	SCRS	PORS	GARS ²	JSRS
	Class II & III	Class II & III		
2016	8.16%	8.74%	11.00%	10.00%
2015	8.00%	8.41%	11.00%	10.00%
2014	7.50%	7.84%	11.00%	10.00%
2013	7.00%	7.00%	11.00%	10.00%
2012	6.50%	6.50%	10.00%	10.00%
2011	6.50%	6.50%	10.00%	10.00%
2010	6.50%	6.50%	10.00%	10.00%
2009	6.50%	6.50%	10.00%	10.00%
2008	6.50%	6.50%	10.00%	10.00%
2007	6.50%	6.50%	10.00%	10.00%

¹The South Carolina National Guard Supplemental Retirement Plan (SCNG) is a non-contributory plan; therefore, employee contribution rates are not applicable.

²The General Assembly Retirement System (GARS) employee contribution rate increased from 10 percent of earnable compensation to 11 percent of earnable compensation effective January 1, 2013.

Employer Contribution Rates¹

Most Recent 10 Fiscal Years

Fiscal Year Ended June 30,	SCRS - Class II & III ²			PORS - Class II & III ²			JSRS	
	State Dept & Public Schools	Local Government	Death Benefit	All Employers	Death Benefit	Accidental Death	All Employers	Death Benefit
2016	10.910%	10.910%	0.15%	13.340%	0.20%	0.20%	47.52%	0.45%
2015	10.750%	10.750%	0.15%	13.010%	0.20%	0.20%	47.52%	0.45%
2014	10.450%	10.450%	0.15%	12.440%	0.20%	0.20%	46.88%	0.45%
2013	10.450%	10.450%	0.15%	11.900%	0.20%	0.20%	44.64%	0.45%
2012	9.385%	9.385%	0.15%	11.363%	0.20%	0.20%	44.64%	0.45%
2011	9.240%	9.240%	0.15%	11.130%	0.20%	0.20%	44.64%	0.45%
2010	9.240%	9.240%	0.15%	10.650%	0.20%	0.20%	44.64%	0.45%
2009	9.240%	9.240%	0.15%	10.650%	0.20%	0.20%	44.64%	0.45%
2008	9.060%	9.060%	0.15%	10.300%	0.20%	0.20%	44.64%	0.45%
2007	8.050%	8.050%	0.15%	10.300%	0.20%	0.20%	41.65%	0.45%

¹This schedule does not include employer contributions for the GARS because amounts are paid as an annual lump-sum appropriation, for which incidental death benefit contributions are included. The schedule also does not include employer contributions for the SCNG which are paid through an annual State appropriation.

²For employers with retiree insurance coverage, an additional retiree health insurance surcharge is collected by the Retirement Systems as a pass-through agency and amounts are remitted to the South Carolina Retiree Health Insurance Trust Fund; therefore, these insurance rates are not included in this schedule.

Demographic and Economic Information

Demographic and Economic Information is intended to assist users in evaluating the socioeconomic environment within which the Systems operate and to provide information that facilitates comparisons of financial statement information over time and among pension plans. Active and retired member data for the past ten fiscal years can be found in the Actuarial Section on pages 167-169 and 175-177.

A list of the number of employers currently participating in the SCRS and PORS systems is presented in this section. State agencies, institutions of higher education, and public school districts are covered by Statute. The list of participating employers includes a directory of employers covered by separate agreement. This list includes employers who submitted contributions during the fiscal year ending June 30, 2016, for active members or working retirees.

Participating Employers

As of June 30, 2016

<u>Participating Employers Covered by Statute</u>	<u>SCRS</u>	<u>PORS</u>
State Agencies & Institutions of Higher Education	33	30
Public School Districts	117	53

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
Participating Employers Covered by Separate Agreement	577	325

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
ABBEVILLE COUNTY COUNCIL	Y	Y
ABBEVILLE GREENWOOD REGIONAL LIBRARY BD	Y	
AIKEN BAMBERG BRNWELL EDGEFLD REG LIB BD	Y	
AIKEN COUNTY COMM ON ALCOHOL&DRUG ABUSE	Y	Y
ALLENDALE COUNTY COUNCIL	Y	Y
ALLENDALE COUNTY OFFICE ON AGING	Y	
ALLENDALE HAMPTON JASPER REG LIBRARY	Y	
ALLENDALE-BARNWELL DIS & SPEC NEEDS BD	Y	
ALLIGATOR RURAL WATER & SEWER CO	Y	
ANDERSON CO COMM ON ALCOHOL & DRUG ABUSE	Y	
ANDERSON CO COUNCIL-FINANCE OFFICE	Y	Y
ANDERSON CO DISABILITIES & SPEC NEEDS BD	Y	
ANDERSON CO FIRE PROTECTION COMMISSION	Y	Y
ANDERSON COUNTY LIBRARY BOARD	Y	
ANDERSON REGIONAL JOINT WATER SYSTEM	Y	
ASHLEY RIVER FIRE DISTRICT	Y	Y
AXIS I CENTER OF BARNWELL	Y	
BAMBERG BOARD OF PUBLIC WORKS	Y	
BAMBERG CO DISBILITIES & SPEC NEEDS BD	Y	
BAMBERG COUNTY COUNCIL	Y	Y
BAMBERG COUNTY OFFICE ON AGING	Y	
BARNWELL COUNTY COUNCIL	Y	Y
BDST SERVICES, INC.	Y	
BEAUFORT MEMORIAL HOSPITAL	Y	Y
BEAUFORT SOIL & WATER CONSERVATION DIST	Y	
BEAUFORT-JASPER CO WATER AUTHORITY	Y	
BEECH ISLAND RURAL COMMUNITY WATER DIST	Y	
BELMONT FIRE & SANITATION DIST COMM	Y	Y
BELTON-HONEA PATH WATER AUTHORITY	Y	
BEREA PUBLIC SERVICE DISTRICT COMMISSION	Y	
BERKELEY CHARLESTON DORCHESTER COUNCIL	Y	
BERKELEY CHARLESTON DORCHESTER RTMA	Y	
BERKELEY COUNTY GOVT-ATTN:FINANCE DEPT	Y	Y
BERKELEY COUNTY WATER & SANITATION	Y	
BETHUNE RURAL WATER COMPANY INC	Y	
BIG CREEK WATER AND SEWERAGE DISTRICT	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
BLUE RIDGE RURAL WATER COMPANY, INC.	Y	
BLUFFTON TOWNSHIP FIRE DISTRICT	Y	Y
BOILING SPRINGS FIRE DEPARTMENT		Y
BOILING SPRINGS FIRE DISTRICT	Y	Y
BROADWAY WATER AND SEWER DISTRICT	Y	
BROWNS CREEK WATER COMPANY INC	Y	
BUCKSPORT WATER SYSTEM,INC.	Y	
BURTON CNER FOR DIS & SPC ND	Y	Y
BURTON FIRE DISTRICT	Y	Y
CALHOUN CO DISABILITIES & SPEC NEEDS BD	Y	
CALHOUN COUNTY COUNCIL	Y	Y
CALHOUN COUNTY COUNCIL ON AGING	Y	
CAROMI VILLAGE VOLUNTEER FIRE DEPARTMENT		Y
CATAWBA AREA AGENCY ON AGING	Y	
CATAWBA REGIONAL COUNCIL OF GOVERNMENTS	Y	
CCHS DBA PALMETTO COMMUNITY ACTION PRS	Y	
CENTRAL MIDLANDS COUNCIL OF GOVERNMENTS	Y	
CENTRAL MIDLANDS REGIONAL TRANSIT AUTHOR	Y	
CHARLESTON AREA TRANSPORTATION AUTHORITY	Y	
CHARLESTON CO HOUSING & REDEV AUTHORITY	Y	
CHARLESTON CO PARK AND RECREATION COMM	Y	
CHARLESTON COMMISSIONERS OF PUBLIC WORKS	Y	
CHARLESTON COUNTY AIRPORT DISTRICT	Y	Y
CHARLESTON COUNTY LIBRARY	Y	
CHARLESTON NAVAL COMPLEX REDEVELOPMENT	Y	
CHEROKEE CO COMM ON ALCOHOL & DRUG ABUSE	Y	
CHEROKEE CO DISABILITIES & SPEC NEEDS BD	Y	Y
CHEROKEE COUNTY COUNCIL	Y	Y
CHEROKEE COUNTY DEVELOPMENT BOARD	Y	
CHEROKEE COUNTY PUBLIC LIBRARY	Y	
CHEROKEE COUNTY RECREATION DIST	Y	
CHEROKEE SPRINGS FIRE DISTRICT	Y	Y
CHESCO SERVICES	Y	Y
CHESTER CO BD OF DIRECTORS	Y	Y
CHESTER COUNTY LIBRARY	Y	
CHESTER METRO DISTRICT	Y	
CHESTER SEWER DISTRICT	Y	
CHESTER/LANCASTER CO DSN BOARD, INC.	Y	
CHESTERFIELD CO RURAL WATER CO INC	Y	Y
CHESTERFIELD COUNTY COUNCIL	Y	Y
CHESTERFIELD SOIL & WATER CONS DISTRICT	Y	
CITY OF ABBEVILLE	Y	Y
CITY OF AIKEN		Y
CITY OF ANDERSON		Y
CITY OF BAMBERG	Y	Y
CITY OF BARNWELL	Y	Y
CITY OF BEAUFORT	Y	Y
CITY OF BELTON	Y	Y

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
CITY OF BENNETTSVILLE	Y	Y
CITY OF CAMDEN & MUNICIPAL UTILITIES	Y	Y
CITY OF CAYCE	Y	Y
CITY OF CHARLESTON	Y	Y
CITY OF CHESTER	Y	Y
CITY OF CLEMSON	Y	Y
CITY OF CLINTON	Y	Y
CITY OF COLUMBIA	Y	Y
CITY OF CONWAY	Y	Y
CITY OF DARLINGTON	Y	Y
CITY OF DENMARK	Y	Y
CITY OF DILLON	Y	Y
CITY OF EASLEY	Y	Y
CITY OF FLORENCE	Y	Y
CITY OF FOLLY BEACH	Y	Y
CITY OF FOREST ACRES	Y	Y
CITY OF FOUNTAIN INN	Y	Y
CITY OF GAFFNEY	Y	Y
CITY OF GEORGETOWN	Y	Y
CITY OF GOOSE CREEK	Y	Y
CITY OF GREENVILLE	Y	Y
CITY OF GREENWOOD	Y	Y
CITY OF GREER	Y	Y
CITY OF HANAHAN	Y	Y
CITY OF HARDEEVILLE	Y	Y
CITY OF HARTSVILLE	Y	Y
CITY OF INMAN	Y	Y
CITY OF ISLE OF PALMS	Y	Y
CITY OF JOHNSONVILLE	Y	Y
CITY OF LAKE CITY	Y	Y
CITY OF LANCASTER	Y	Y
CITY OF LAURENS	Y	Y
CITY OF LIBERTY	Y	Y
CITY OF LORIS	Y	Y
CITY OF MANNING	Y	Y
CITY OF MARION	Y	Y
CITY OF MAULDIN	Y	Y
CITY OF MULLINS	Y	Y
CITY OF MYRTLE BEACH	Y	Y
CITY OF NEW ELLENTON	Y	Y
CITY OF NEWBERRY	Y	Y
CITY OF NORTH AUGUSTA	Y	Y
CITY OF NORTH CHARLESTON	Y	Y
CITY OF NORTH MYRTLE BEACH		Y
CITY OF ORANGEBURG	Y	Y
CITY OF PICKENS	Y	Y
CITY OF ROCK HILL	Y	Y
CITY OF SENECA	Y	Y

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
CITY OF SIMPSONVILLE	Y	Y
CITY OF SPARTANBURG	Y	Y
CITY OF SUMTER	Y	Y
CITY OF TEGA CAY	Y	Y
CITY OF TRAVELERS REST	Y	Y
CITY OF UNION	Y	Y
CITY OF WALHALLA	Y	Y
CITY OF WALTERBORO	Y	Y
CITY OF WEST COLUMBIA	Y	Y
CITY OF WOODRUFF	Y	Y
CITY OF YORK	Y	Y
CLARENDON CO COMM ON ALCOHOL & DRUG ABUS	Y	
CLARENDON CO DISB & SPECIAL NEEDS BOARD	Y	Y
CLARENDON COUNTY	Y	Y
CLEAR SPRING FIRE-RESCUE	Y	Y
CLINTON NEWBERRY NATURAL GAS AUTHORITY	Y	Y
COLLETON CO DISABILITIES & SPEC NEED BD	Y	
COLUMBIA HOUSING AUTHORITY	Y	
COLUMBIA MUSEUM OF ART	Y	
COMBINED UTILITY SYSTEM	Y	
COMM OF PUBLIC WORKS MUNICIPAL UTILITIES	Y	
COMMISSION ON PUBLIC WORKS	Y	
CONVERSE FIRE DISTRICT		Y
COUNTY COUNCIL FOR DORCHESTER COUNTY	Y	Y
COUNTY COUNCIL OF BEAUFORT COUNTY	Y	Y
COUNTY COUNCIL OF NEWBERRY COUNTY	Y	Y
COUNTY COUNCIL OF PICKENS COUNTY	Y	Y
COUNTY COUNCIL OF RICHLAND COUNTY	Y	Y
COUNTY OF AIKEN	Y	Y
COUNTY OF CHARLESTON	Y	Y
COUNTY OF COLLETON	Y	Y
COUNTY OF HAMPTON	Y	Y
COUNTY OF LAURENS	Y	Y
COUNTY OF LEXINGTON	Y	Y
COUNTY OF MARLBORO	Y	Y
COUNTY OF MCCORMICK	Y	Y
CROFT FIRE DISTRICT		Y
CULTURAL & HERITAGE COMM OF YORK COUNTY	Y	
DARLINGTON CO COMMUNITY ACTION AGENCY	Y	
DARLINGTON CO DISAB & SPECIAL NEEDS BD	Y	Y
DARLINGTON CO SOIL & WATER CONS DISTRICT	Y	
DARLINGTON CO WATER & SEWER COMMISSION	Y	
DARLINGTON COUNTY COUNCIL	Y	Y
DARLINGTON COUNTY COUNCIL ON AGING	Y	
DARLINGTON COURT LIBRARY COMM	Y	
DAUFUSKIE ISLAND FIRE DISTRICT		Y
DILLON COUNTY COUNCIL	Y	Y
DILLON SOIL & WATER CONSERVATION DIST	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
DONALDS-DUE WEST WATER & SEWER AUTHORITY	Y	
DONALDSON FIRE SERVICE AREA	Y	
DORCHESTER CO BD OF DIS & SPECIAL NEEDS	Y	
DORCHESTER CO COMM ON ALCOHOL&DRUG ABUSE	Y	
DORCHESTER COUNTY LIBRARY	Y	
DORCHESTER COUNTY WATER AUTHORITY	Y	
DORCHESTER SENIORS, INC	Y	
DUNCAN CHAPEL FIRE DISTRICT	Y	
EASLEY CENTRAL WATER DISTRICT	Y	
EAST RICHLAND CO PUBLIC SERVICE DIST	Y	
EDGEFIELD COUNTY COUNCIL	Y	Y
EDGEFIELD COUNTY WATER & SEWER AUTHORITY	Y	
ELLOREE COMMISSION OF PUBLIC WORKS	Y	
FAIRFIELD CO DISAB & SPECIAL NEEDS BD	Y	
FAIRFIELD CO SUBSTANCE ABUSE COMMISSION	Y	
FAIRFIELD COUNTY COUNCIL	Y	Y
FAIRFIELD COUNTY COUNCIL ON AGING	Y	
FAIRFIELD COUNTY LIBRARY	Y	
FAIRFIELD MEMORIAL HOSPITAL	Y	
FLINT HILL FIRE DISTRICT		Y
FLORENCE CO COMM ON ALCOHOL & DRUG ABUSE	Y	
FLORENCE CO DISABILITIES & SPEC NEEDS BD	Y	
FLORENCE COUNTY COUNCIL	Y	Y
FLORENCE REGIONAL AIRPORT	Y	Y
FRIPP ISLAND PUBLIC SERVICE DISTRICT	Y	Y
GAFFNEY BOARD OF PUBLIC WORKS	Y	
GANTT FIRE SEWER AND POLICE DISTRICT	Y	Y
GASTON RURAL COMMUNITY WATER DISTRICT	Y	
GATEWAY COUNSELING CENTER	Y	
GENERATIONS UNLIMITED	Y	
GEORGETOWN CO ALCOHOL & DRUG ABUSE COMM	Y	
GEORGETOWN CO DISAB & SPECIAL NEED BD	Y	
GEORGETOWN COUNTY COUNCIL	Y	Y
GEORGETOWN COUNTY WATER AND SEWER DIST	Y	
GEORGETOWN SOIL & WATER CONSERVATION DIS	Y	
GILBERT-SUMMIT RURAL WATER DISTRICT	Y	
GLASSY MOUNTAIN FIRE SERVICE AREA	Y	Y
GLEAMNS HUMAN RESOURCES COMMISSION	Y	
GLENDALE FIRE DISTRICT	Y	
GLENN SPRINGS-PAULINE FIRE DEPT		Y
GRAND STRAND WATER & SEWER AUTHORITY	Y	
GRASSY POND WATER CO.INC.	Y	
GREATER GREENVILLE SANITATION COMM	Y	
GREENVILLE AIRPORT COMMISSION	Y	
GREENVILLE AREA DEVELOPMENT CORPORATION	Y	
GREENVILLE CO COM ON ALCOHOL-DRUG ABUSE	Y	
GREENVILLE CO DISAB & SPECIAL NEEDS BD	Y	Y
GREENVILLE CO MUSEUM COMMISSION	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
GREENVILLE COMM OF PUBLIC WORKS	Y	
GREENVILLE COUNTY COUNCIL	Y	Y
GREENVILLE COUNTY LIBRARY	Y	Y
GREENVILLE REDEVELOPMENT AUTHORITY	Y	
GREENVILLE-SPARTANBURG AIRPORT DISTRICT	Y	Y
GREENWOOD CO COUNCIL-ADM & FIN OFFICE	Y	Y
GREENWOOD COMM OF PUBLIC WORKS	Y	
GREENWOOD METROPOLITAN DISTRICT COMM	Y	
GREENWOOD SOIL & WATER CONSERVATON DIST	Y	
GREER COMMISSION OF PUBLIC WORKS	Y	Y
GREER DEVELOPMENT CORP	Y	
HAMPTON CO DISABILITIES & SPEC NEEDS BD	Y	
HARTSVILLE COMMUNITY CENTER BLDG COMM	Y	
HARVIN CLARENDON COUNTY LIBRARY	Y	
HAZEL PITTMAN CENTER	Y	
HIGH HILLS RURAL WATER CO., INC.	Y	
HILLTOP FIRE DISTRICT		Y
HILTON HEAD NO 1 PUBLIC SERVICE DISTRICT	Y	
HOLLY SPRINGS VOLUNTEER FIRE DISTRICT		Y
HOMELAND PARK WATER DISTRICT	Y	
HORRY CO COUNCIL	Y	Y
HORRY CO DISABILITIES & SPECIAL NEEDS BD	Y	
HORRY COUNTY SOLID WASTE AUTHORITY, INC	Y	
HORRY SOIL CONSERVATION DISTRICT	Y	
HOUSING AUTH OF THE CITY OF CHARLESTON	Y	Y
HOUSING AUTH OF THE CITY OF EASLEY	Y	
HOUSING AUTH OF THE CITY OF GREENWOOD	Y	
HOUSING AUTH OF THE CITY OF MYRTLE BEACH	Y	
HOUSING AUTH OF THE CITY OF NO CHAS	Y	
HOUSING AUTHORITY OF THE CITY OF SPARTANBURG	Y	Y
HOUSING AUTHORITY OF CITY OF NEWBERRY	Y	
HOUSING AUTHORITY OF CITY OF UNION	Y	Y
HOUSING AUTHORITY OF DARLINGTON	Y	
HOUSING AUTHORITY OF FLORENCE	Y	
HOUSING AUTHORITY OF FORT MILL	Y	
HOUSING AUTHORITY OF LANCASTER	Y	
HOUSING AUTHORITY OF THE CITY OF AIKEN	Y	
HOUSING AUTHORITY OF THE CITY OF CHESTER	Y	
HOUSING AUTHORITY OF THE CITY OF CONWAY	Y	
HOUSING AUTHORITY OF THE CITY OF GAFFNEY	Y	
HOUSING AUTHORITY OF TOWN OF WOODRUFF	Y	
HOUSING AUTY OF CITY OF SUMTER	Y	
HOWE SPRINGS FIRE DISTRICT		Y
INMAN COMMUNITY FIRE DEPARTMENT		Y
INMAN-CAMPOBELLO WATER DISTRICT	Y	Y
IRMO CHAPIN RECREATION DISTRICT	Y	
IRMO FIRE DISTRICT	Y	Y
ISLE OF PALMS WATER & SEWER COMMISSION	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
JAMES ISLAND PUBLIC SERVICE DIST COMM	Y	Y
JASPER CO BD OF DIS & SPECIAL NEEDS	Y	
JASPER COUNTY COUNCIL	Y	Y
JOHNSONVILLE FIRE DEPARTMENT		Y
JOINT MUNICIPAL WATER & SEWER COMMISSION	Y	
KEOWEE FIRE TAX DISTRICT		Y
KERSHAW CO BD DOF DIS & SPECIAL NEEDS	Y	Y
KERSHAW CO COMM ON ALCOHOL & DRUG ABUSE	Y	
KERSHAW COUNTY COUNCIL	Y	Y
KINGSTREE HOUSING AUTHORITY	Y	
LADYS ISLAND - ST HELENA FIRE DISTRICT	Y	Y
LAKE CITY HOUSING AUTHORITY	Y	
LAKE CUNNINGHAM FIRE DISTRICT	Y	Y
LANCASTER CO COMM ON ALCOHOL&DRUG ABUSE	Y	
LANCASTER CO WATER & SEWER DISTRICT	Y	
LANCASTER COUNTY COUNCIL	Y	Y
LANCASTER COUNTY COUNCIL ON AGING	Y	Y
LANCASTER COUNTY NATURAL GAS AUTHORITY	Y	
LANCASTER SOIL & WATER CONSERVATION DIST	Y	
LAURENS CO DISABILITIES & SPEC NEEDS BD	Y	
LAURENS COMMISSIONERS OF PUBLIC WORKS	Y	
LAURENS COUNTY WATER & SEWER COMMISSION	Y	
LEE CO DISABILITIES & SPECIAL NEEDS BD	Y	
LEE COUNTY COUNCIL	Y	Y
LEXINGTON MEDICAL CENTER	Y	Y
LEX-RICH ALCOHOL & DRUG ABUSE COUNCIL	Y	
LIBERTY-CHESNEE-FINGERVILLE WATER DIST	Y	
LITTLE RIVER WATER & SEWER CO., INC	Y	
LOWCOUNTRY COUNCIL OF GOVERNMENTS	Y	
LOWCOUNTRY REGIONAL EMS COUNCIL	Y	
LOWCOUNTRY REGIONAL TRANSPORTATION AUTH	Y	
LOWCOUNTRY REGIONAL WATER SYSTEM	Y	
LOWER SAVANNAH COUNCIL OF GOVERNMENTS	Y	
LUGOFF FIRE DISTRICT		Y
LUGOFF WATER DISTRICT OF KERSHAW COUNTY	Y	
MARCO RURAL WATER CO., INC.	Y	
MARION CO COM ON ALCOHOL & DRUG ABUSE	Y	
MARION COUNTY COUNCIL	Y	Y
MARION COUNTY LIBRARY	Y	
MARION-DILLON CO DISAB & SPEC NEEDS BD	Y	
MARLBORO CO DISABILITIES & SPEC NEEDS BD	Y	
MARLBORO WATER COMPANY	Y	
MCCORMICK COMM OF PUBLIC WORKS	Y	
MCCORMICK COUNTY COUNCIL ON AGING	Y	
MCCORMICK COUNTY WATER & SEWER AUTHORITY	Y	
METROPOLITAN SEWER SUB-DISTRICT	Y	
METROPOLITAN SUBDISTRICT B WATER & SEWER	Y	
MID COUNTY WATER COMPANY, INC	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
MONCKS CORNER WATER WORKS COMMISSION	Y	
MT PLEASANT WATER & SEWER COMM	Y	
MUNICIPAL ASSOCIATION OF SOUTH CAROLINA	Y	
MURRELLS INLET-GARDEN CITY FIRE DIST	Y	Y
N SPARTANBURG AREA FIRE & RESCUE DIST	Y	
NEW ELLENTON COMM OF PUBLIC WORKS	Y	
NEW LIFE CENTER	Y	
NEWBERRY CO DISABILITIES & SP ND BD	Y	Y
NEWBERRY CO WATER AND SEWER AUTHORITY	Y	
NEWBERRY COUNTY LIBRARY	Y	
NORTH CHARLESTON SEWER DISTRICT	Y	Y
NORTH GREENVILLE FIRE DISTRICT		Y
OCONEE COUNTY	Y	Y
OCONEE DISABILITIES & SPEC NEEDS BD	Y	
OCONEE JOINT REGIONAL SEWER AUTHORITY	Y	
OLANTA RURAL FIRE DEPARTMENT		Y
OLD FORT FIRE DISTRICT	Y	Y
OLD NINETY SIX TOURISM COMMISSION	Y	
OLDE ENGLISH DISTRICT TOURISM COMMISSION	Y	
ORANGEBURG CO DISAB & SPECIAL NEEDS BD	Y	Y
ORANGEBURG COUNTY COUNCIL	Y	Y
ORANGEBURG DEPT OF PUBLIC UTILITIES	Y	
PALMETTO STATE TEACHERS ASSOCIATION	Y	
PARKER SEWER & FIRE SUBDISTRICT	Y	
PEACHTREE CENTER D/B/A-CHEROKEE LTC	Y	
PEE DEE REGIONAL COUNCIL OF GOVERNMENTS	Y	
PEE DEE REGIONAL EMS, INC	Y	
PEE DEE REGIONAL TRANSPORTATION AUTH	Y	Y
PELHAM BATESVILLE FIRE DEPARTMENT	Y	Y
PENDLETON DIS HISTORICAL & REC COMM	Y	
PICKENS CO COMM ON ALCOHOL & DRUG ABUSE	Y	
PICKENS CO DISABILITIES & SPEC NEEDS BD	Y	
PIEDMONT PARK FIRE DISTRICT	Y	Y
PIEDMONT PUBLIC SERVICE DISTRICT		Y
PINE RIDGE FIRE DEPARTMENT		Y
PIONEER RURAL WATER DISTRICT	Y	
POPLAR SPRINGS FIRE DEPARTMENT		Y
POWDERSVILLE WATER DISTRICT	Y	
REC DIST & REC COMM OF RICHLAND COUNTY	Y	Y
RECREATION DIST LEXINGTON CO	Y	Y
REIDVILLE FIRE DISTRICT		Y
RENEWABLE WATER RESOURCES(RE-WA)	Y	
RICH/LEX CO DISAB & SPECIAL NEEDS BD	Y	
RICHLAND COUNTY PUBLIC LIBRARY	Y	Y
RICHLAND LEXINGTON AIRPORT DISTRICT	Y	Y
RICHLAND MEMORIAL/PALMETTO HEALTH	Y	
RIVERBANKS PARK COMMISSION	Y	Y
ROCKY CREEK WATER COMPANY, INC	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
ROEBUCK FIRE DEPARTMENT		Y
RUBICON	Y	
RURAL COMM WATER DIST OF GEORGETOWN CO	Y	
S C EDUCATION ASSN	Y	
S C HIGH SCHOOL LEAGUE	Y	
S C STATE EMPLOYEES' ASSOCIATION	Y	
SALUDA CO COM ON ALCOHOL & DRUG ABUSE	Y	
SALUDA COMMISSION OF PUBLIC WORKS	Y	
SALUDA COUNTY COUNCIL	Y	Y
SALUDA COUNTY WATER & SEWER AUTHORITY	Y	
SANDY SPRINGS WATER COMPANY	Y	
SANTEE COOPER COUNTIES PROMOTION COMM	Y	
SANTEE FIRE SERVICE DISTRICT	Y	Y
SANTEE-LYNCHES COUNCIL FOR GOVERNMENTS	Y	
SANTEE-WATEREE REG TRANSPORTATION AUTH	Y	Y
SC APPALACHIAN COUNCIL OF GOVERNMENTS	Y	
SC ASSOCIATION OF COUNTIES	Y	
SC ASSOCIATION OF SCHOOL ADMINISTRATORS	Y	
SC ASSOCIATION OF SCHOOL BOARDS	Y	
SC ATHLETIC COACHES ASSOCIATION	Y	
SC LAW ENFORCEMENT OFFICERS ASSOCIATION	Y	
SC MIDLANDS EMER MED SER MGM ASSOC	Y	
SC STATE CREDIT UNION	Y	
SC STATE FIREMENS ASSOCIATION	Y	
SENIOR SERVICES INC OF CHESTER COUNTY	Y	
SHELDON FIRE DISTRICT	Y	Y
SHORELINE BEHAVIORAL HEALTH SERVICES	Y	
SIX MILE RURAL WATER DISTRICT	Y	
SLATER-MARIETTA FIRE DEPT		Y
SOUTH CAROLINA SHERIFFS' ASSOCIATION	Y	
SOUTH CAROLINA TECHNOLOGY & AVIATION CTR	Y	
SOUTH GREENVILLE AREA FIRE DISTRICT	Y	Y
SOUTH ISLAND PUBLIC SERVICE DISTRICT	Y	
SOUTH LYNCHES FIRE DEPARTMENT		Y
SOUTHSIDE RURAL COMMUNITY WATER DIST	Y	
SPARTANBURG COMRS OF PUBLIC WORK	Y	
SPARTANBURG COUNTY COUNCIL	Y	Y
SPARTANBURG PUBLIC LIBRARY	Y	Y
SPARTANBURG REGIONAL MEDICAL CENTER	Y	Y
SPARTANBURG SANITARY SEWER DIST	Y	
ST ANDREWS PARISH PARKS & PLAYGROUNDS	Y	
ST ANDREWS PUBLIC SERVICE DIST COMM	Y	
ST GEORGE WATER AND SEWER DEPARTMENT	Y	
ST JOHNS FIRE DISTRICT	Y	Y
ST PAULS FIRE DISTRICT	Y	Y
STARR-IVA WATER COMPANY	Y	
STARTEX JACKSON WELLD DUNCAN WATER DIST	Y	
SUMTER CO COM ON ALCOHOL & DRUG ABUSE	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
SUMTER CO DISABILITIES & SPEC NEEDS BD	Y	Y
SUMTER CONSERVATION DISTRICT	Y	
SUMTER COUNTY COUNCIL	Y	Y
SUMTER COUNTY LIBRARY	Y	
TAYLORS FIRE AND SEWER DISTRICT	Y	Y
THE ERNEST E KENNEDY CENTER	Y	
THE PEE DEE TOURISM COMMISSION	Y	
THE RIVER ALLIANCE	Y	
THREE RIVERS SOLID WASTE AUTHORITY	Y	
TIGERVILLE FIRE DEPARTMENT		Y
TOWN OF ALLENDALE	Y	Y
TOWN OF ANDREWS	Y	Y
TOWN OF ATLANTIC BEACH	Y	Y
TOWN OF AYNOR	Y	Y
TOWN OF BATESBURG-LEESVILLE	Y	Y
TOWN OF BETHUNE	Y	Y
TOWN OF BISHOPVILLE	Y	Y
TOWN OF BLACKSBURG	Y	Y
TOWN OF BLACKVILLE	Y	
TOWN OF BLUFFTON	Y	Y
TOWN OF BLYTHEWOOD	Y	
TOWN OF BONNEAU		Y
TOWN OF BOWMAN	Y	Y
TOWN OF BRANCHVILLE	Y	Y
TOWN OF BRIARCLIFFE ACRES	Y	Y
TOWN OF BRUNSON	Y	
TOWN OF BURNETTOWN	Y	Y
TOWN OF CALHOUN FALLS	Y	Y
TOWN OF CAMERON	Y	Y
TOWN OF CAMPOBELLO	Y	Y
TOWN OF CARLISLE	Y	
TOWN OF CENTRAL	Y	Y
TOWN OF CHAPIN	Y	Y
TOWN OF CHERAW	Y	Y
TOWN OF CHESNEE	Y	Y
TOWN OF CHESTERFIELD	Y	Y
TOWN OF CLIO	Y	Y
TOWN OF CLOVER	Y	Y
TOWN OF CORDOVA	Y	
TOWN OF COTTAGEVILLE	Y	Y
TOWN OF COWARD	Y	Y
TOWN OF COWPENS	Y	Y
TOWN OF DUE WEST	Y	Y
TOWN OF DUNCAN	Y	Y
TOWN OF EASTOVER	Y	
TOWN OF EDGEFIELD	Y	Y
TOWN OF EDISTO BEACH	Y	Y
TOWN OF EHRHARDT	Y	Y

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF ELGIN	Y	Y
TOWN OF ELKO	Y	
TOWN OF ELLOREE	Y	Y
TOWN OF ESTILL	Y	Y
TOWN OF EUTAWVILLE	Y	Y
TOWN OF FAIRFAX	Y	Y
TOWN OF FORT LAWN	Y	Y
TOWN OF FORT MILL	Y	Y
TOWN OF GASTON	Y	Y
TOWN OF GILBERT	Y	
TOWN OF GRAY COURT	Y	
TOWN OF GREAT FALLS	Y	Y
TOWN OF GREELEYVILLE	Y	Y
TOWN OF HAMPTON	Y	Y
TOWN OF HARLEYVILLE	Y	Y
TOWN OF HEATH SPRINGS	Y	
TOWN OF HEMINGWAY	Y	Y
TOWN OF HILTON HEAD ISLAND		Y
TOWN OF HOLLY HILL	Y	Y
TOWN OF HOLLYWOOD	Y	
TOWN OF HONEA PATH	Y	Y
TOWN OF IRMO	Y	Y
TOWN OF IVA	Y	Y
TOWN OF JACKSON	Y	Y
TOWN OF JAMES ISLAND	Y	
TOWN OF JAMESTOWN	Y	Y
TOWN OF JEFFERSON	Y	
TOWN OF JOHNSTON	Y	Y
TOWN OF JONESVILLE	Y	Y
TOWN OF KERSHAW	Y	
TOWN OF KIAWAH ISLAND	Y	Y
TOWN OF KINGSTREE	Y	Y
TOWN OF LAKE VIEW	Y	Y
TOWN OF LAMAR		Y
TOWN OF LANDRUM	Y	Y
TOWN OF LANE	Y	Y
TOWN OF LATTA	Y	Y
TOWN OF LEXINGTON	Y	Y
TOWN OF LINCOLNVILLE	Y	
TOWN OF LITTLE MOUNTAIN	Y	
TOWN OF LIVINGSTON	Y	
TOWN OF LYMAN	Y	Y
TOWN OF MAYESVILLE	Y	
TOWN OF MCBEE	Y	Y
TOWN OF MCCLELLANVILLE	Y	
TOWN OF MCCOLL	Y	Y
TOWN OF MCCORMICK	Y	Y
TOWN OF MEGGETT	Y	

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF MONCK'S CORNER	Y	Y
TOWN OF MONETTA	Y	
TOWN OF MT PLEASANT	Y	Y
TOWN OF MT. CROGHAN	Y	
TOWN OF NICHOLS	Y	Y
TOWN OF NINETY-SIX	Y	Y
TOWN OF NORRIS	Y	
TOWN OF NORTH	Y	Y
TOWN OF NORWAY	Y	Y
TOWN OF OLANTA	Y	Y
TOWN OF OLAR	Y	Y
TOWN OF PACOLET	Y	Y
TOWN OF PAGELAND	Y	Y
TOWN OF PAMPLICO	Y	Y
TOWN OF PARKSVILLE	Y	
TOWN OF PATRICK	Y	
TOWN OF PELION	Y	Y
TOWN OF PELZER	Y	
TOWN OF PENDLETON	Y	Y
TOWN OF PERRY	Y	Y
TOWN OF PINE RIDGE	Y	Y
TOWN OF PINWOOD	Y	
TOWN OF POMARIA	Y	
TOWN OF PORT ROYAL	Y	Y
TOWN OF PROSPERITY	Y	Y
TOWN OF QUINBY	Y	Y
TOWN OF RAVENEL	Y	
TOWN OF REEVESVILLE	Y	
TOWN OF RIDGE SPRING	Y	Y
TOWN OF RIDGELAND	Y	Y
TOWN OF RIDGEVILLE	Y	Y
TOWN OF RIDGEWAY	Y	Y
TOWN OF SALLEY	Y	Y
TOWN OF SALUDA	Y	Y
TOWN OF SANTEE	Y	Y
TOWN OF SCRANTON	Y	Y
TOWN OF SEABROOK ISLAND	Y	
TOWN OF SIX MILE	Y	
TOWN OF SNELLING	Y	
TOWN OF SOCIETY HILL	Y	Y
TOWN OF SOUTH CONGAREE	Y	Y
TOWN OF SPRINGDALE	Y	Y
TOWN OF ST GEORGE	Y	Y
TOWN OF ST MATTHEWS	Y	Y
TOWN OF ST STEPHEN	Y	Y
TOWN OF SULLIVANS ISLAND	Y	Y
TOWN OF SUMMERTON	Y	Y
TOWN OF SUMMERSVILLE	Y	Y

<u>Name</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF SURFSIDE BEACH	Y	Y
TOWN OF SWANSEA	Y	Y
TOWN OF TIMMONSVILLE	Y	Y
TOWN OF TRENTON	Y	Y
TOWN OF TURBEVILLE	Y	Y
TOWN OF VARNVILLE	Y	Y
TOWN OF WAGENER	Y	Y
TOWN OF WARE SHOALS	Y	Y
TOWN OF WELLFORD	Y	Y
TOWN OF WEST PELZER	Y	Y
TOWN OF WEST UNION	Y	Y
TOWN OF WESTMINSTER	Y	Y
TOWN OF WHITMIRE	Y	Y
TOWN OF WILLIAMSTON	Y	Y
TOWN OF WILLISTON	Y	Y
TOWN OF WINNSBORO	Y	Y
TOWN OF YEMASSEE	Y	Y
TRI-COUNTY COMM ON ALCOHOL & DRUG ABUSE	Y	
TYGER RIVER FIRE DISTRICT	Y	
TYGER RIVER FIRE SERVICE AREA		Y
UNA FIRE DEPARTMENT		Y
UNION CO DISABILITIES & SPECIAL NEEDS BD	Y	
UNION COUNTY CARNEGIE LIBRARY	Y	
UNION COUNTY COUNCIL OF AGING	Y	
UNION COUNTY DEVELOPMENT BOARD	Y	
UNION COUNTY SUPERVISOR	Y	Y
UPPER SAVANNAH COUNCIL OF GOVERNMENTS	Y	
VALLEY PUBLIC SERVICE AUTHORITY	Y	
WACCAMAW ECONOMIC OPPORTUNITY COUNCIL	Y	
WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS	Y	
WACCAMAW REGIONAL TRANSPORTATION AUTH	Y	Y
WADE HAMPTON FIRE & SEWER DISTRICT	Y	Y
WEST FLORENCE RURAL VOLUNTEER FIRE DIST		Y
WESTVIEW BEHAVIORAL HEALTH SERVICES	Y	
WESTVIEW-FAIRFOREST FIRE DEPARTMENT	Y	Y
WHITESVILLE RURAL VOL FIRE DEPT		Y
WHITMIRE COMM OF PUBLIC WORKS	Y	
WHITNEY AREA FIRE DEPT		Y
WILLIAMSBURG CO DISAB & SPECIAL NEEDS BD	Y	
WILLIAMSBURG COUNTY COUNCIL	Y	Y
WILLIAMSBURG COUNTY LIBRARY	Y	Y
WINDY HILL VOLUNTEER FIRE COMPANY		Y
WOODRUFF ROEBUCK WATER DISTRICT	Y	
YORK CO COVENTION & VISITORS BUREAU	Y	
YORK CO DISABILITIES & SPECIAL NEEDS BD	Y	
YORK COUNTY	Y	Y
YORK COUNTY COUNCIL ON AGING	Y	Y
YORK COUNTY LIBRARY	Y	

Name

YORK SOIL & WATER CONSERVATION DIST

SCRS

Y

PORS



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