

THE RETIREMENT SYSTEMS OF SOUTH CAROLINA

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)

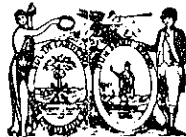
ANNUAL REPORT

JUNE 30, 1980

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# South Carolina Retirement Systems



P. O. BOX 11960 - CAPITOL STATION  
COLUMBIA, S. C. 29211

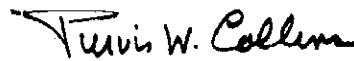
PURVIS W. COLLINS  
DIRECTOR

December 31, 1980

Honorable Richard W. Riley, Governor  
and  
State Budget and Control Board  
State of South Carolina

I am pleased to present the annual report for the Retirement Systems of the State of South Carolina and the report of the State Agent for Social Security for the fiscal year ended June 30, 1980.

Respectfully submitted,

  
Purvis W. Collins

## ADMINISTRATION

### Governing Board - State Budget and Control Board

His Excellency Governor Richard W. Riley	Chairman, Ex-Officio
Honorable Grady L. Patterson, Jr.	State Treasurer
Honorable Earle E. Morris, Jr.	Comptroller General
Honorable Rembert C. Dennis	Chairman of Senate Finance Committee
Honorable Tom G. Mangum	Chairman of House Ways & Means Committee
Mr. William T. Putnam	Executive Director

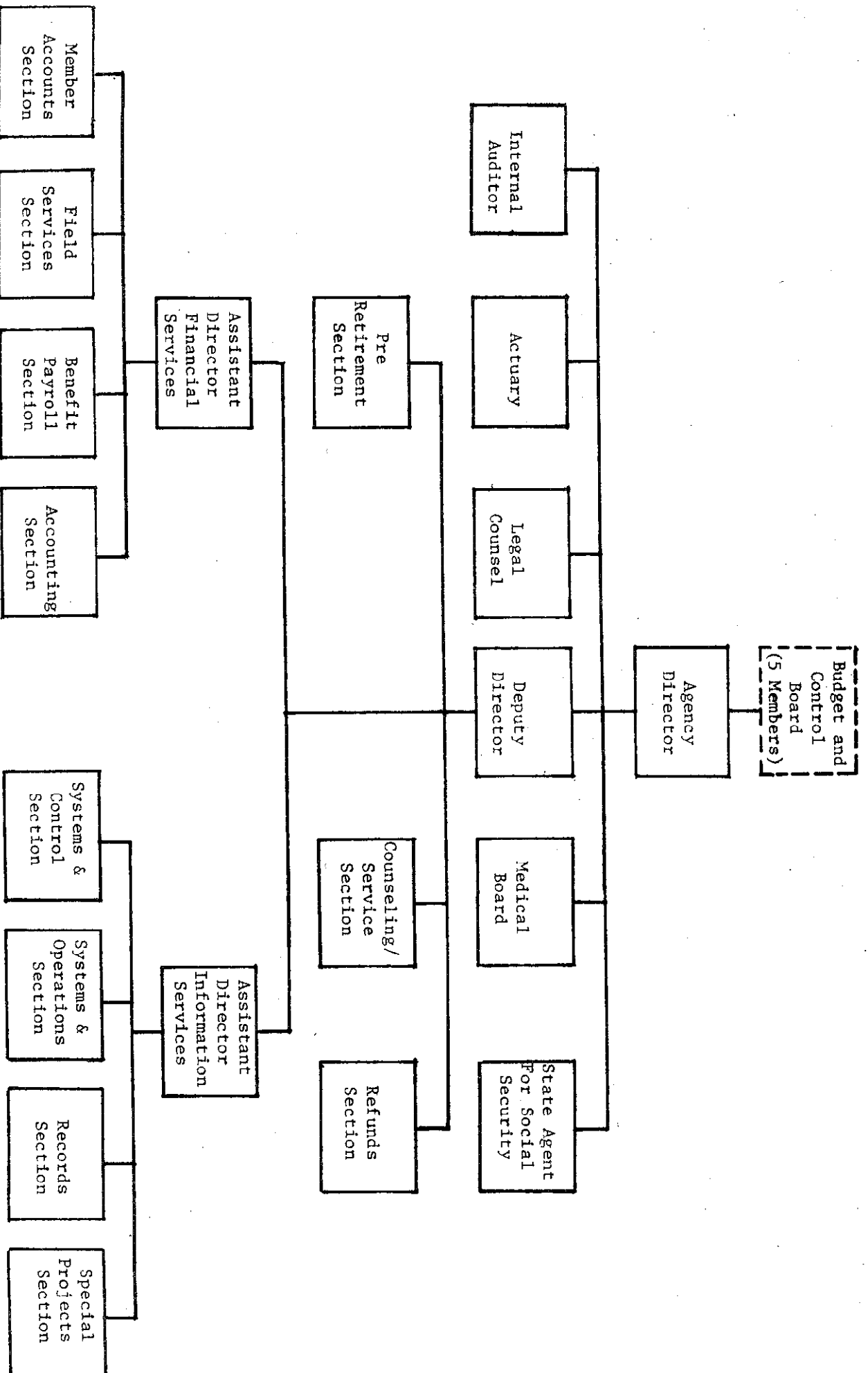
### Consulting Actuary

Thomas J. Cavanaugh, F.S.A.  
George B. Buck Consulting Actuaries, Inc.

### Retirement System Staff

Purvis W. Collins	Director
Joseph C. Griffith	Deputy Director/ Counseling Department
E. D. Goodwin, Jr.	Assistant Director Financial Services
Henry R. Blackwell, Jr.	Assistant Director Information Services
Beverly K. Abdalla	Benefits Payroll Department
(Mrs.) Jimmie D. McGhee	Records Department
Elvena S. Bickley	Refunds Department
Brenda M. Bryant	Administration of Social Security
Phyllis C. Gardner	Pre-Retirement Education

# THE RETIREMENT SYSTEMS OF SOUTH CAROLINA



## OPERATIONS:

The administration of the Retirement Systems and the administration of Social Security coverage for public entities is vested with Retirement Division of the State Budget & Control Board. An Agency director, appointed by the Board, is responsible for the overall operation of the Systems.

The structural organization of the Agency is depicted on the chart shown on the facing page. A brief description of the primary functions performed by each department follows:

Counseling Section - Responsible for counseling members relating to retirement, establishing various past service, and processing all retirement documents upon actual retirement of a member.

Refunds Section - Responsible for the disbursement of lump sum payments to members who terminate covered employment prior to retirement.

Pre-Retirement Section - A new section established in 1979 with the overall objective of better preparing the membership for retirement through conducting seminars and meetings with employer representatives covering areas such as planning for economic security, health and safety, housing and meaningful use of time.

### Financial Services Division:

Accounting Section - Responsible for maintenance of records of all receipts and disbursements, investment accounting, financial accounting records, and financial control of member contribution records.

Member Accounts Section - Responsible for financial control over all detail member contribution records.

Benefits Payroll Section - Responsible for the disbursement of monthly annuity benefit payments to all retired members.

Field Services Section - Primary functions are to meet with governing bodies of various entities considering obtaining coverage under one or more of our programs and meeting with employers concerning reporting procedures and policies.

Information Services Division:

Systems Control and Operations Sections - Responsible for the design, implementation and control over all automation applications within the Agency.

Records Department - Responsible for the processing of applications of new employers requesting participation in the Systems as well as the enrollment of all new members and maintenance of complete historical records of each member.

Special Projects Section - Responsible for the compiling and automation of prior retirement service credit for all members of the Retirement Systems.

The following is a summary of the costs incurred in the operations of the Division for the years ended June 30, 1980 and 1979:

	<u>1980</u>	<u>1979</u>
Personal Service:		
Salaries	\$1,131,052	\$ 961,716
Fringe Benefits	172,988	150,607
	<hr/>	<hr/>
Total Personal Service	1,304,040	1,112,323
Operating Expenses:		
Contractual Services	142,048	76,996
Supplies	109,501	92,348
Rents	120,678	125,702
Travel	20,888	21,748
Equipment	14,865	6,679
Other	9,599	9,926
	<hr/>	<hr/>
Total Operating Expenses	417,579	333,399
	<hr/>	<hr/>
Total Cost of Operations	<u>\$1,721,619</u>	<u>\$1,445,722</u>

# SUMMARY OF BASIC PROVISIONS

## SCRS

## PORS

### 1. Membership

Generally all employees are required to participate in System as a condition of employment.

Generally all full time employees whose principle duties are the preservation of public order, protection or prevention and control of property destruction by fire.

### 2. Employee Contributions

	<u>Salary</u>	
	<u>Under</u>	<u>Over</u>
	<u>\$4800</u>	<u>\$4800</u>
Class I	3%	5%
Class II	4%	6%

Class I - \$16 per month  
Class II - 5% of salary

### 3. Employer Contributions

#### Retirement

Class I  
3.5% of salary

Class I  
7.8% of salary

Class II  
6.8% of salary for  
State Departments and  
Public Schools  
5.95% of salary for  
all other participating employers.

Class II  
10.3% of salary

#### Group Life Insurance

.3% of salary

.4% of salary

#### Accidental Death Program

N/A

.2% of salary

### 4. Vesting Requirements

5 years

5 years

### 5. Normal Retirement Age

Age 65

Age 55 with 5 years of service.

### 6. Requirements for Full Service Retirement

Age 65 or 30 years of credited service.

Age 55 with 5 years of service or 30 years of credited service.



## SUMMARY OF BASIC PROVISIONS (CONTINUED)

	SCRS	PORS
7. Formula for Normal Service Retirement	<p>Class I 1% of <u>Average Final Compensation</u> up to \$4800 of AFC, plus 1.3% of AFC over \$4800 times years of credited service.</p> <p>Class II 1.25% of AFC up to \$4800 of AFC, plus 1.65% of AFC over \$4800 times years of credited service.</p>	<p>Class I \$9 per month for each year of credited service.</p> <p>Class II 1.75% of AFC times years of credited service.</p>
8. Requirements for Disability Retirement	5 years of credited service.	5 years of credited service.
9. Formula for Disability Retirement	Service retirement benefit based upon continued service to age 65 with no change in compensation.	Service retirement benefit based upon continued service to age 55 with no change in compensation.
10. Benefit Options	<p>Maximum Benefit Formula benefit as calculated in item 7. Any unrecovered contributions paid upon death.</p> <p>Option 1 Reduced benefit with lump-sum payment of accumulated contributions balance reduced by 10% per year during the first ten years of retirement.</p> <p>Option 2 Provides a reduced continued benefit of equal amount to the beneficiary of retirant.</p>	<p>Maximum Benefit Formula benefit as calculated in item 7. Any unrecovered contributions paid upon death.</p> <p>Option 1 Provides a reduced continued benefit of equal amount to the beneficiary of retirant.</p> <p>Option 2 Provides a continued benefit of 50% of the retirant's annuity payable to the retirant's beneficiary.</p>

## SUMMARY OF BASIC PROVISIONS (CONTINUED)

	SCRS	PORS
10. Benefit Options (Continued)	<p>Option 3 Provides a continued benefit of 50% of the retirant's annuity payable to the retirant's beneficiary.</p> <p>Option 4 Provides inflated benefit until social security payments begin, then annuity reduced to provide approximate level retirement income.</p>	<p>Option 3 Provides inflated benefit until social security payments begin, then annuity reduced to provide approximate level retirement income.</p>
11. Group Life Insurance Benefit	<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 actual performance of duties.</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 actual performance of duties.</p>
12. Accidental Death Program	N/A	<p>Provides an annuity to the widow (or specified beneficiary) of a member whose death was while in performance of duty. Annuity would equal 50% of member's compensation at the time of death.</p>
13. Withdrawal of Employee Contributions	<p>Accumulated contributions and credited interest payable within 6 months but not less than 90 days after termination of all covered employment.</p>	<p>Accumulated contributions and credited interest payable within 6 months but not less than 90 days after termination of all covered employment.</p>

## SUMMARY OF BASIC PROVISIONS (CONTINUED)

	GARS	JSRS
1. Membership	All persons are required to participate upon taking office as a member of the General Assembly.	All Solicitors, judges of a circuit or family court and justices of the Supreme Court are required to participate upon taking office.
2. Employee Contributions	10% of normal Compensation	7% of total salary
3. Employer Contributions		
Retirement	Annual lump-sum appropriation	Annual lump-sum appropriation
Group Life Insurance	Included within annual lump-sum appropriation	Included within annual lump-sum appropriation
Accidental Death	N/A	N/A
4. Vesting Requirements	8 years	N/A
5. Normal Retirement Age	Age 60	Age 72
6. Requirements for Full Service Retirement	Age 60 <u>or</u> 30 years of credited service	Age 72 with 10 years service Age 70 with 15 years service Age 65 with 20 years service 25 years service regardless of age
7. Formula for Normal Service Retirement	4.5% of normal compensation times years of credited service	Annual allowance of two-thirds of the current active salary of the position occupied at retirement
8. Requirements for Disability Retirement	5 years of credited service	5 years of credited service
9. Formula for Disability Retirement	The greater of: a. Service benefit based upon actual credited service  b. 50% of service benefit based upon continued service to earlier of age 60 or 35 years service	Service retirement formula

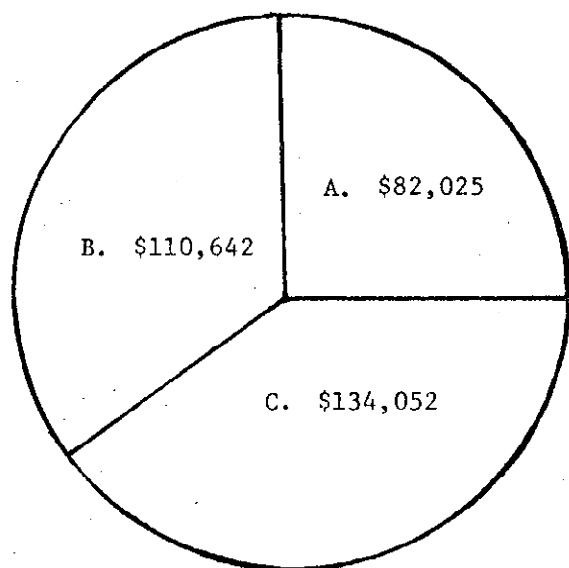
## SUMMARY OF BASIC PROVISIONS (CONTINUED)

	GARS	JSRS
10. Benefit Options	<p>Maximum Benefit</p> <p>Formula benefit as calculated in item 7. Any unrecovered contributions paid upon death.</p> <p>Option 1</p> <p>Provides a reduced continued benefit of equal amount to the beneficiary of retirant.</p> <p>Option 2</p> <p>Provides one half of retired member's benefit to a surviving designated beneficiary.</p>	<p>Maximum Benefit</p> <p>Benefit as calculated in item 7. Continued benefit of one-third of retirant's benefit to a spouse beneficiary upon death of retirant.</p> <p>Optional Allowance</p> <p>Provides a reduced retirement allowance to retirant with a continued benefit of one-third of the retirant's allowance to a non-spouse beneficiary.</p> <p style="text-align: center;">N/A</p>
11. Group Life Insurance Benefit	<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 actual performance of duties.</p>	<p>Lump-sum payment equal to one year's salary payable to beneficiary upon the death of an active member with at least one year of service.</p> <p>No service requirement for death resulting from actual performance of duties.</p>
12. Accidental Death Program	N/A	N/A
13. Withdrawal of Employee Contributions	<p>Accumulated contributions and credited interest payable within 6 months after termination of all covered employment.</p>	<p>Accumulated contributions and credited interest payable within 6 months after termination of all covered employment.</p>

# REVENUE DISTRIBUTION

(000'S OMITTED)

## SCRS



Percentage of  
Total Revenue

80

79

A. Employee Contributions

25.1%

25.6%

B. Employer Contributions

33.9%

35.1%

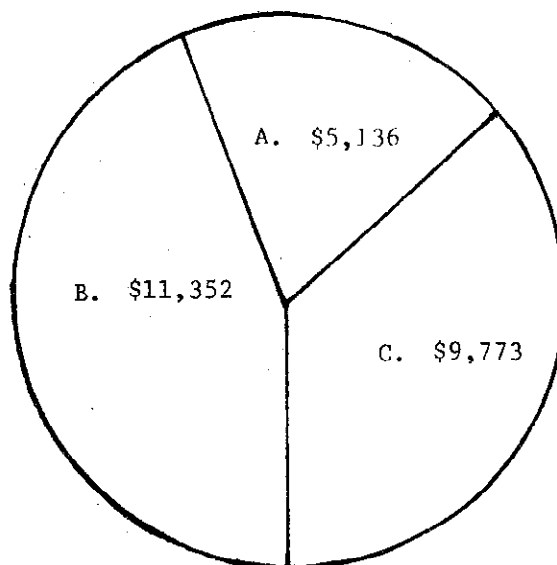
C. Investment Income

41.0%

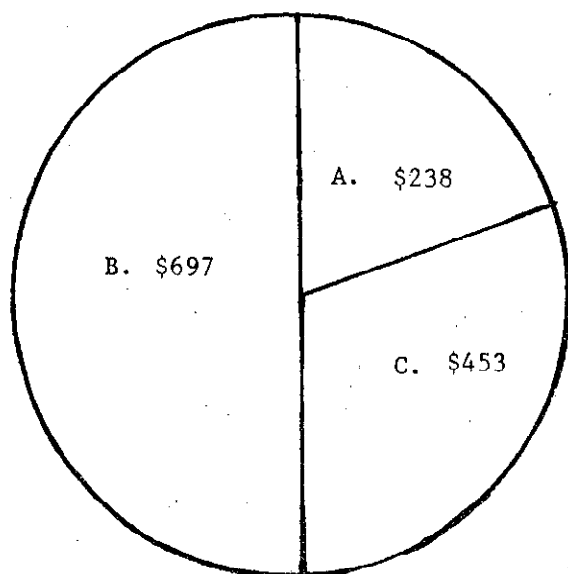
39.3%

## PORS

	Percentage of Total Revenue	
	<u>80</u>	<u>79</u>
A. Employee Contributions	19.6%	19.7%
B. Employer Contributions	43.2%	43.3%
C. Investment Income	37.2%	37.0%



## GARS



Percentage of  
Total Revenue

80

79

A. Employee Contributions

17.1%

22.0%

B. Employer Contributions

50.2%

46.1%

C. Investment Income

32.7%

31.9%

## REVENUES:

The Systems derive revenue from three primary sources; contributions from members, matching contributions from employers, and income earned on investments. Collection of employee and employer contributions is made on a monthly basis. Each entity submits a monthly summary report of member wages paid and contributions collected together with the matching employer contributions due. Quarterly, detailed reports listing each members' wages and contributions are submitted to the System and are the basis from which detail computerized member contribution records are derived.

There are three basic types of entities covered under one or more of the Systems; State Departments (including institutions of higher Learning), Public Schools, and Other Political Subdivisions (cities, counties, etc.).

The following schedule present comparisons of the distribution of our revenue by type of entity:

COMBINED CONTRIBUTIONS BY TYPE OF ENTITY (000'S OMITTED)				
	SCRS		PORS	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
State Departments	\$ 91,954	47.7%	\$ 7,130	43.2%
Public Schools	77,498	40.2%	-0-	-0-
Other Political Subdivisions	<u>23,215</u>	<u>12.1%</u>	<u>9,357</u>	<u>56.8%</u>
	<u>\$192,667</u>	<u>100.0%</u>	<u>\$16,487</u>	<u>100.0%</u>

Current contributing members of the Systems may, under various sections of the Retirement Act, establish credit for past service. service credit while in the military as well as service cancelled by previous withdrawal of contributions. Costs involved in establishing these types of service vary between Systems, classes of membership within the Systems, as well as by years involved.

The following schedules present five (5) year comparisons of member and employer contributions.

### MEMBER CONTRIBUTIONS

(000'S OMITTED)

Year Ended June 30,	SCRS		PORS		GARS	
	Amount	% Increase For Year	Amount	% Increase For Year	Amount	% Increase For Year
1980	\$82,025	15.5%	\$5,136	20.3%	\$ 238	1.8%
1979	71,004	12.6%	4,270	12.5%	234	46.3%
1978	63,044	11.3%	3,796	12.9%	160	2.1%
1977	56,622	6.2%	3,363	10.2%	157	10.0%
1976	53,328	15.7%	3,052	(9.7)%	143	23.6%

### COMBINED EMPLOYER CONTRIBUTIONS

(000'S OMITTED)

Year Ended June 30,	SCRS		PORS		GARS	
	Amount	% Increase For Year	Amount	% Increase For Year	Amount	% Increase For Year
1980	\$110,642	13.7%	\$11,352	20.6%	\$ 697	41.5%
1979	97,268	11.8%	9,414	12.1%	492	20.0%
1978	87,022	10.5%	8,397	9.9%	410	5.1%
1977	78,777	7.4%	7,641	12.2%	390	34.5%
1976	73,383	14.7%	6,811	6.9%	290	-0-

DISTRIBUTION OF INVESTMENTS BY TYPE  
(000'S OMITTED)

SCRS	June 30, 1980		June 30, 1979		June 30, 1978	
	Par Value	% of Total	Par Value	% of Total	Par Value	% of Total
U. S. Government and Agencies	\$ 780,224	44.5%	\$ 585,600	37.9%	\$ 383,632	28.5%
State of South Carolina Institutions	3,890	.2%	4,545	.3%	13,116	1.0%
Corporate Bonds:						
Industrials	446,867	25.5%	454,712	29.3%	482,050	35.8%
Utilities	425,641	24.2%	405,541	26.2%	386,319	28.7%
Rails	17,938	1.0%	18,352	1.2%	18,731	1.4%
Financial & Other	<u>81,253</u>	<u>4.6%</u>	<u>78,600</u>	<u>5.1%</u>	<u>62,600</u>	<u>4.6%</u>
	<u>\$1,755,813</u>	<u>100.0%</u>	<u>\$1,547,350</u>	<u>100.0%</u>	<u>\$1,346,448</u>	<u>100.0%</u>

PORS

U. S. Government and Agencies	\$ 66,478	50.8%	\$ 51,063	45.7%	\$ 39,414	41.6%
Corporate Bonds:						
Industrials	26,899	20.6%	26,549	23.8%	27,521	29.1%
Utilities	22,215	17.0%	19,215	17.2%	18,310	19.4%
Financial & Other	<u>15,300</u>	<u>11.6%</u>	<u>14,900</u>	<u>13.3%</u>	<u>9,380</u>	<u>9.9%</u>
	<u>\$ 130,892</u>	<u>100.0%</u>	<u>\$ 111,727</u>	<u>100.0%</u>	<u>\$ 94,625</u>	<u>100.0%</u>

GARS

U. S. Government and Agencies	\$ 3,759	62.0%	\$ 3,135	61.1%	\$ 2,320	53.7%
Corporate Bonds:						
Industrials	1,300	21.5%	1,500	29.2%	1,500	34.7%
Utilities	600	9.9%	300	5.8%	300	7.0%
Financial & Other	<u>400</u>	<u>6.6%</u>	<u>200</u>	<u>3.9%</u>	<u>200</u>	<u>4.6%</u>
	<u>\$ 6,059</u>	<u>100.0%</u>	<u>\$ 5,135</u>	<u>100.0%</u>	<u>\$ 4,320</u>	<u>100.0%</u>



## INVESTMENTS:

The responsibility for investment of all funds of the Systems rests with the State Treasurer. Restrictions on investments imposed by law generally require purchase of high grade fixed income securities and government obligations. The State Treasurer and the Retirement Systems constantly monitor the flow of revenue and expenditures as part of a continuously improving cash management program.

The accompanying schedules present various statistical information relating to investments and investment income.

### SCRS

<u>Year Ended June 30,</u>	<u>Total Net Investments (000'S OMITTED)</u>	<u>Percent Increase For Year</u>	<u>Net Income From Investments (000'S OMITTED)</u>	<u>Percent Increase For Year</u>	<u>Rate of Return</u>
1980	\$1,765,251	14.9%	\$ 134,052	23.1%	8.46%
1979	1,536,200	14.5%	108,853	19.0%	7.86%
1978	1,341,838	13.8%	91,474	16.8%	7.53%
1977	1,179,302	15.0%	78,327	20.4%	7.37%
1976	1,025,424	15.5%	65,067	20.3%	7.04%

### PCRS

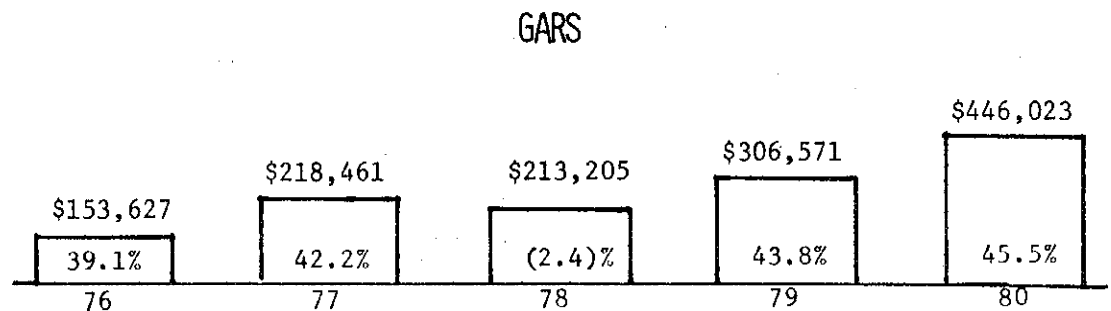
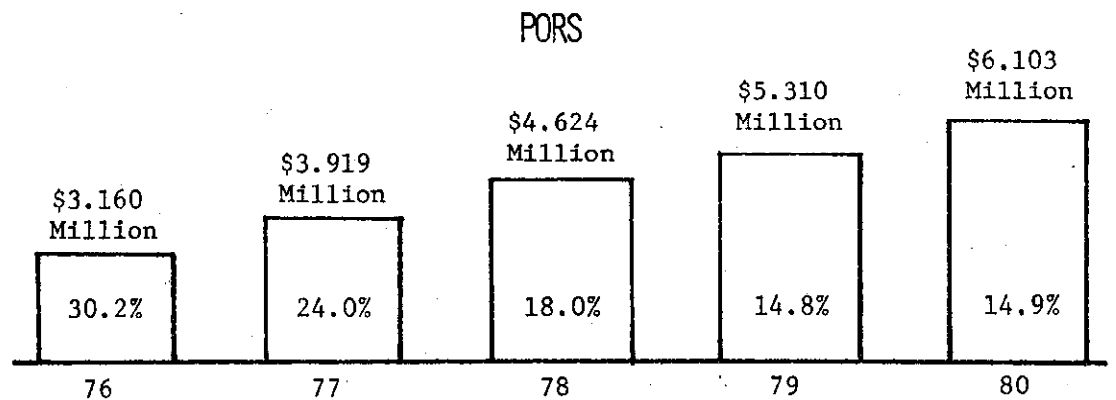
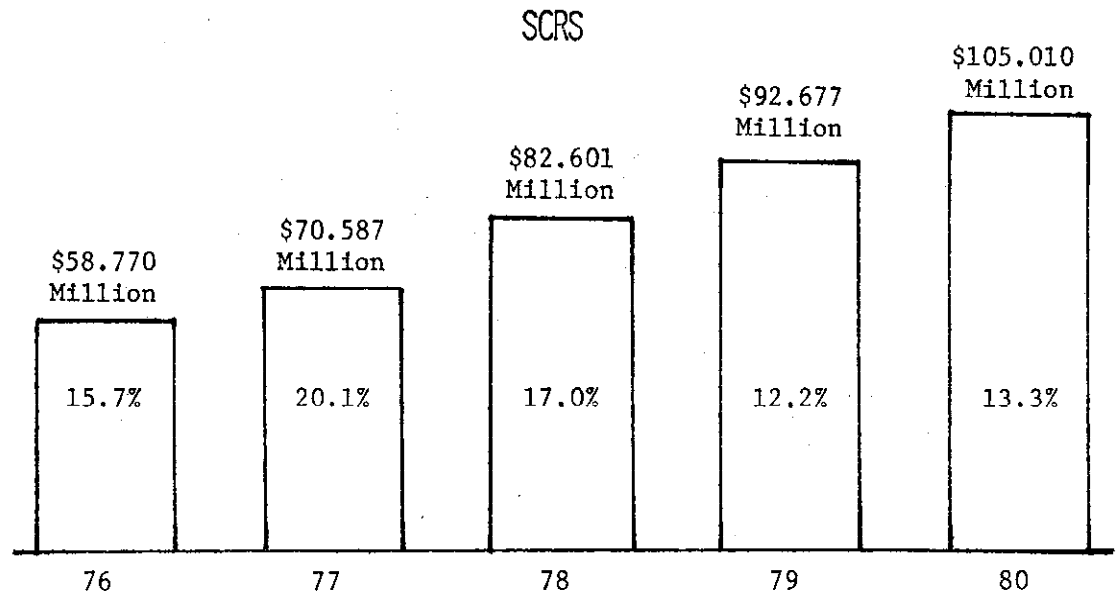
1980	\$ 130,912	17.9%	\$ 9,773	21.6%	8.42%
1979	110,993	17.6%	8,036	29.2%	8.14%
1978	94,362	18.8%	6,221	19.7%	7.43%
1977	79,416	18.2%	5,199	19.5%	7.35%
1976	67,200	20.2%	4,351	29.8%	7.33%

### GARS

1980	\$ 6,049	18.5%	\$ 454	33.2%	8.48%
1979	5,106	18.3%	341	18.2%	7.50%
1978	4,317	17.3%	288	29.2%	7.48%
1977	3,679	31.2%	223	15.5%	7.13%
1976	2,805	7.4%	193	8.2%	7.40%

## GROWTH OF EXPENDITURES

Total expenditures and percentage increases over the past five (5) years were as follows:



## EXPENDITURES:

The Systems' disbursements consist of monthly annuity benefits, refunds of member contributions, and payments of group life insurance benefits. We disburse monthly benefits to former members based upon normal service retirement as well as disability retirement.

A summary of our retirant population follows:

<u>June 30,</u>	<u>SCRS</u>		<u>PORS</u>		<u>GARS</u>	
	<u>Number</u>	<u>% Increase</u>	<u>Number</u>	<u>% Increase</u>	<u>Number</u>	<u>% Increase</u>
1980	22,846	6.8%	1,349	6.6%	53	8.2%
1979	21,385	7.2%	1,265	10.8%	49	14.0%
1978	19,946	7.3%	1,142	10.8%	43	(2.2)%
1977	18,591	12.6%	1,031	12.9%	44	1.6%

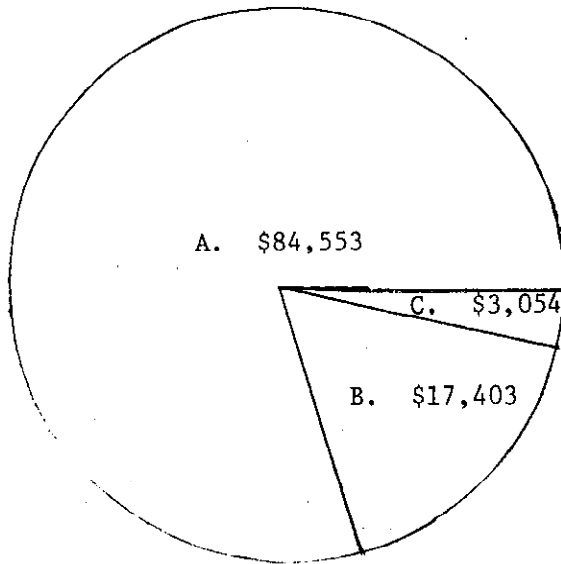
Based upon disbursements by the SCRS for the month of June, 1980, there were 12,916 public school retirees receiving an average benefit of \$337 as compared to 12,284 public school retirees receiving an average benefit of \$312 for June, 1979. In addition, there were 7,208 State employees receiving an average annuity of \$316, and 2,722 retirees from other political subdivisions receiving an average annuity of \$214 for the month of June, 1980.

June disbursements by the PORS reflected a total of 1,349 retirees receiving an average annuity of \$287 for 1980 as opposed to 1,265 retirees receiving an average \$256 annuity for 1979.

Under the SCRS disability retirement program, there were 2,698 retirees receiving an average benefit of \$288 and 204 retirees under the PORS program receiving an average benefit of \$286.

# EXPENDITURES DISTRIBUTION (000'S OMITTED)

## SCRS

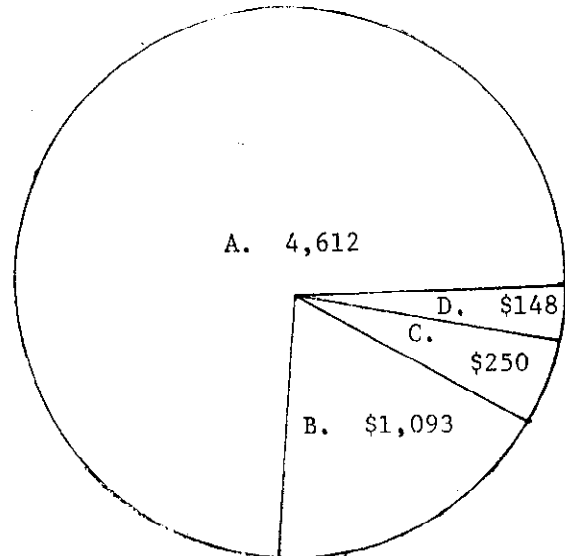


- A. Annuity Benefits
- B. Member Refunds
- C. Group Life Benefits

### Percentage of Expenditures

	80	79
A. Annuity Benefits	80.5%	79.3%
B. Member Refunds	16.6%	17.6%
C. Group Life Benefits	2.9%	3.1%

## PORS

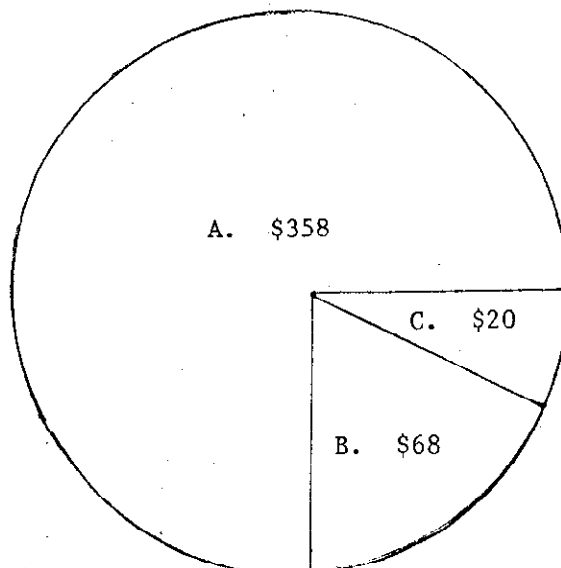


- A. Annuity Benefits
- B. Member Refunds
- C. Group Life Benefits
- D. Accidental Death Benefits

### Percentage of Expenditures

	80	79
A. Annuity Benefits	75.6%	73.8%
B. Member Refunds	17.9%	19.3%
C. Group Life Benefits	4.1%	4.6%
D. Accidental Death Benefits	2.4%	2.3%

## GARS



- A. Annuity Benefits
- B. Member Refunds
- C. Group Life Benefits

### Percentage of Expenditures

	80	79
A. Annuity Benefits	80.3%	92.9%
B. Member Refunds	15.2%	7.1%
C. Group Life Benefits	4.5%	-0-

A five year comparison of annuity benefits follows:

Year Ended June 30,	SCRS		PORS		GARS	
	<u>Amount</u>	<u>% Increase</u>	<u>Amount</u>	<u>% Increase</u>	<u>Amount</u>	<u>% Increase</u>
1980	\$84,552,934	15.0%	\$4,612,284	17.8%	\$358,224	25.7%
1979	73,555,311	13.4%	3,916,845	17.1%	284,924	36.2%
1978	64,853,794	15.8%	3,347,173	23.7%	209,235	8.3%
1977	55,994,358	20.3%	2,704,860	19.8%	193,114	47.3%
1976	46,557,461	18.1%	2,258,458	26.6%	131,117	50.8%

Each of the Systems also administers a group life insurance program under which a lump sum benefit is payable to the beneficiary or estate of a covered employee. The benefit under this program is equal to the annual earnable compensation of the member at the time of death.

The PORS administers an accidental death program under which the beneficiary of a member killed in the actual performance of duty receives a monthly benefit equal to 50% of the member's compensation at the time of death.

Refunds of employee contributions and accumulated interest are made to members who leave covered service prior to retirement. During fiscal year 1979-80 a total of \$17,403,607 was paid to former SCRS members. This compares to a total of \$16,294,460 paid in fiscal year 1978-79.

The PORS disbursed refunds totaling \$1,093,052 in fiscal year 1979-80 while the GARS disbursed a total of \$67,799.

A five year comparison of refund payments follows:

<u>Year Ended June 30,</u>	SCRS		PORS		GARS	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
1980	\$17,403,607	6.8%	\$1,093,052	6.3%	\$67,799	213.2%
1979	16,294,460	6.9%	1,028,224	10.2%	21,646	445.2%
1978	15,244,971	25.4%	933,193	16.6%	3,970	(65.0)%
1977	12,161,638	25.1%	800,570	62.5%	11,347	(26.8)%
1976	9,723,373	10.4%	492,653	41.1%	15,510	(20.6)%

## CURRENT LEGISLATION:

A summary of amendments to the Retirement Act made during the 1980

Session of the Legislature follows:

Act 380 Beneficiaries who were receiving a monthly benefit on July 1, 1979 under the Police Officers System Accidental Death Program (beneficiary of an officer killed in the line of duty) will receive a 10% increase effective July 1, 1980.

Act 448 Eliminates overtime and other special pay in average final salary calculations for retirement benefits under the Police Officers Retirement System. Average final compensation (average of three highest consecutive years) is now defined as remuneration paid to an employee for normal working time plus an amount up to and including forty-five days termination pay for unused annual leave, if paid in the final pay period, and the final pay period is within the three highest consecutive fiscal years.

Act 407 Creates a Special Fund for the South Carolina Retirement System to pay the 4% annual cost of living increases beginning with the increase on July 1, 1981. Previously, the increases have been paid from the regular System assets by extending the unfunded liability period.

The Special Fund will require an additional .20% of payroll contribution from the employer, and a transfer of .30% from the present employer contribution beginning July 1, 1981. It is anticipated, the Special Fund, with additional transfers in the middle 1980's, will have sufficient balances to pay the annual 4% cost of living increases to the year 2000.

Act 408 Eliminates the five year service requirement for disability retirement under the Police Officers Retirement System, if the disability results from an injury incurred in the line of duty, is total, and likely to be permanent.

The 1980 General Appropriation Act contained the following provisions:

- (a) Increase the earnings limitation for retirement members under South Carolina Retirement System and Police Officers System who return to covered employment, from \$4500 to \$5000 in a fiscal year. Effective July 1, 1980.

- (b) Authorized a 2% cost of living increase from the General Fund of the State for retired members of the South Carolina Retirement System and the Police Officers System, effective July 1, 1980.

This is in addition to the 4% cost of living increase granted and funded by the Retirement Systems.

- (c) Effective July 1, 1980, the group health insurance program for retired employees of the State and School Districts (retired county and other local subdivisions not covered) will be free to the retiree. Premiums will be charged only for dependent coverage.



## FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND FUND BALANCES  
SOUTH CAROLINA RETIREMENT SYSTEM

	JUNE 30, 1980	JUNE 30, 1979
<b>ASSETS</b>		
Cash	\$ 271,163	\$ 1,272,193
Accounts Receivable	26,340,147	24,557,817
Investments, at adjusted amortized cost	1,765,250,777	1,536,200,162
	<u>\$1,791,862,087</u>	<u>\$1,562,030,172</u>
<b>FUND BALANCES</b>		
Employee Annuity Savings Fund	\$ 516,679,204	\$ 450,853,114
Employer Annuity Accumulation Fund	1,263,860,625	1,102,413,877
Employer Group Life Insurance Fund	11,322,258	8,763,181
	<u>\$1,791,862,087</u>	<u>\$1,562,030,172</u>

See notes to financial statements.

STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
SOUTH CAROLINA RETIREMENT SYSTEM

	Employee Annuity Savings Fund	
	Year Ended June 30,	
	<u>1980</u>	<u>1979</u>
Revenues:		
Contributions by Members		
State Department Employees	\$ 39,038,044	\$ 32,937,762
Public School Employees	32,551,835	28,840,668
Other Political Subdivision Employees	10,434,682	9,225,263
Contributions by Employers		
State Department Employers		
Public School Employers		
Other Political Subdivision Employers		
Supplemental Retirement Benefits Funded by the State		
Investment Transactions		
Earnings on investments		
Amortization of July 1, 1971 deferred yield adjustment		
Total Revenues	82,024,561	71,003,693
Expenditures:		
Regular Retirement Benefits		
Supplemental Retirement Benefits		
Group Life Insurance Payments		
Refunds of Contributions to Members	17,403,607	16,294,460
Total Expenditures	17,403,607	16,294,460
Interfund Transfers According to Statutory Requirements:		
Contributions by Members at Retirement	(15,970,905)	(12,819,696)
Interest Credited by Members' Accounts	17,176,041	15,061,981
Net Interfund Transfers	1,205,136	2,242,285
Net Change in Fund Balance	65,826,090	56,951,518
Fund Balance at Beginning of Year	450,853,114	393,901,596
Fund Balance at End of Year	<u>\$516,679,204</u>	<u>\$450,853,114</u>

See notes to financial statements.

Employer Annuity  
Accumulation Fund  
Year Ended June 30,  
1980                      1979

\$ 50,690,462	\$ 43,541,811
43,059,112	38,687,287
12,234,560	10,933,644
8,123,331	6,915,186
134,055,085	109,270,465
<u>(957,732)</u>	<u>(957,732)</u>
247,204,818	208,390,661
76,429,603	66,640,125
8,123,331	6,915,186
<u>84,552,934</u>	<u>73,555,311</u>
15,970,905	12,819,696
<u>(17,176,041)</u>	<u>(15,061,981)</u>
<u>(1,205,136)</u>	<u>(2,242,285)</u>
161,446,748	132,593,065
<u>1,102,413,877</u>	<u>969,820,812</u>
<u>\$1,263,860,625</u>	<u>\$1,102,413,877</u>

Employer Group Life  
Insurance Fund  
Year Ended June 30,  
1980                      1979

\$2,225,480	\$1,911,425
1,887,136	1,709,270
545,674	485,216
954,449	540,115
<u>5,612,739</u>	<u>4,646,026</u>
3,053,662	2,826,971
<u>3,053,662</u>	<u>2,826,971</u>
2,559,077	1,819,055
<u>8,763,181</u>	<u>6,944,126</u>
<u>\$11,322,258</u>	<u>\$8,763,181</u>

STATEMENT OF ASSETS AND FUND BALANCES  
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

	JUNE 30, 1980	JUNE 30, 1979
<b>ASSETS</b>		
Cash	\$ 124,671	\$ 291,066
Accounts Receivable	2,039,652	1,464,802
Investments, at adjusted amortized cost	130,912,429	110,992,863
	<hr/>	<hr/>
	<u>\$ 133,076,752</u>	<u>\$ 112,748,731</u>
 <b>FUND BALANCES</b>		
Employee Annuity Savings Funds	\$ 28,368,301	\$ 24,434,475
Employer Annuity Accumulation Funds	101,824,711	85,862,521
Employer Accidental Death Fund	1,026,984	902,296
Employer Group Life Insurance Fund	1,856,756	1,549,439
	<hr/>	<hr/>
	<u>\$ 133,076,752</u>	<u>\$ 112,748,731</u>

See notes to financial statements.

STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

	Employee Annuity Savings Funds Year Ended June 30, <u>1980</u>	<u>1979</u>
Revenues:		
Employee Contributions		
State Department Employees	\$ 2,261,888	\$ 1,940,001
Other Political Subdivision Employees	<u>2,874,239</u>	<u>2,330,380</u>
Total Revenues	5,136,127	4,270,381
Expenditures:		
Refunds to Members	1,093,052	1,028,224
Interfund Transfers According to Statutory Requirements:		
Contributions by Members at Retirement	(1,031,824)	(964,608)
Interest Credited to Members' Accounts	<u>922,575</u>	<u>804,493</u>
Net Interfund Transfers	<u>(109,249)</u>	<u>(160,115)</u>
Net Change in Fund Balance	3,933,826	3,082,042
Fund Balance at Beginning of Year	<u>24,434,475</u>	<u>21,352,433</u>
Fund Balance at End of Year	<u>\$28,368,301</u>	<u>\$24,434,475</u>

See notes to financial statements.

STATEMENT OF REVENUES AND EXPENDITURES AND  
CHANGES IN FUND BALANCES (CONTINUED)  
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

	Employer Annuity Accumulation Funds Year Ended June 30,	
	<u>1980</u>	<u>1979</u>
Revenues:		
Employer Contributions		
State Departments	\$ 4,601,031	\$ 3,802,607
Other Political Subdivisions	6,172,764	4,866,615
Supplemental Retirement Benefits Funded by the State	170,590	119,543
Investment Transactions		
Earnings on Investments	9,531,014	7,868,560
Amortization of July 1, 1971 deferred yield adjustment	<u>(10,174)</u>	<u>(10,174)</u>
Total Revenues	20,465,225	16,647,151
Expenditures:		
Regular Retirement Benefits	4,441,694	3,797,302
Supplemental Retirement Benefits	170,590	119,543
Group Life Insurance Benefits		
Accidental Death Benefits	<u>          </u>	<u>          </u>
Total Expenditures	4,612,284	3,916,845
Interfund Transfers According to Statutory Requirements:		
Contributions by Members at Retirement	1,031,824	964,608
Interest Credited to Members' Accounts	<u>(922,575)</u>	<u>(804,493)</u>
Net Interfund Transfers	<u>109,249</u>	<u>160,115</u>
Net Change in Fund Balance	15,962,190	12,890,421
Fund Balance at Beginning of Year	<u>85,862,521</u>	<u>72,972,100</u>
Fund Balance at End of Year	<u>\$101,824,711</u>	<u>\$85,862,521</u>

See notes to financial statements.

Employer Accidental Death Fund	
Year Ended June 30, <u>1980</u>	<u>1979</u>
\$ 89,119	\$132,947
106,556	162,192
76,863	71,460
<hr/>	<hr/>
272,538	366,599
147,850	120,674
<hr/>	<hr/>
147,850	120,674
<hr/>	<hr/>
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124,688	245,925
902,296	656,371
<hr/>	<hr/>
<u>\$1,026,984</u>	<u>\$902,296</u>

Employer Group Life Insurance Fund	
Year Ended June 30, <u>1980</u>	<u>1979</u>
\$ 178,234	\$ 208,870
203,880	241,001
174,852	105,812
<hr/>	<hr/>
556,966	555,683
249,649	243,930
<hr/>	<hr/>
249,649	243,930
<hr/>	<hr/>
<hr/>	<hr/>
307,317	311,753
1,549,439	1,237,686
<hr/>	<hr/>
<u>\$1,856,756</u>	<u>\$1,549,439</u>



STATEMENT OF ASSETS AND FUND BALANCES  
RETIREMENT SYSTEM FOR MEMBERS OF THE GENERAL ASSEMBLY  
OF THE STATE OF SOUTH CAROLINA

	JUNE 30, 1980	JUNE 30, 1979
ASSETS		
Cash	\$ 5,804	\$ 7,911
Accounts Receivable	3,275	1,000
Investments, at adjusted amortized cost	6,049,221	5,106,287
	<hr/>	<hr/>
	<u>\$6,058,300</u>	<u>\$5,115,198</u>
FUND BALANCES		
Employee Annuity Savings Fund	\$1,647,635	\$1,455,099
Employer Annuity Accumulation Fund	4,410,665	3,660,099
	<hr/>	<hr/>
	<u>\$6,058,300</u>	<u>\$5,115,198</u>

See notes to financial statements.

STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
RETIREMENT SYSTEM FOR MEMBERS OF THE GENERAL ASSEMBLY  
OF THE STATE OF SOUTH CAROLINA

	Employee Annuity Savings Fund Year Ended June 30,		Employer Annuity Accumulation Fund Year Ended June 30,	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
Revenues:				
State Appropriations			\$ 696,899	\$ 492,500
Earnings on Investments			453,929	340,767
Contributions by Members	<u>\$ 238,297</u>	<u>\$ 234,166</u>		
Total Revenues	238,297	234,166	1,150,828	833,267
Expenditures:				
Retirement Benefits			358,224	284,925
Group Life Insurance				
Benefits			20,000	
Refunds to Members	<u>67,799</u>	<u>21,646</u>		
Total Expenditures	67,799	21,646	378,224	284,925
Interfund Transfers According to Statutory Requirements:				
Contributions by Members at Retirement	(34,549)	(25,833)	34,549	25,833
Interest Credited to Members' Accounts	<u>56,587</u>	<u>47,641</u>	<u>(56,587)</u>	<u>(47,641)</u>
Net Interfund Transfers	<u>22,038</u>	<u>21,808</u>	<u>(22,038)</u>	<u>(21,808)</u>
Net Change in Fund Balance	192,536	234,328	750,566	526,534
Fund Balance at Beginning of Year	<u>1,455,099</u>	<u>1,220,771</u>	<u>3,660,099</u>	<u>3,133,565</u>
Fund Balance at End of Year	<u>\$1,647,635</u>	<u>\$1,455,099</u>	<u>\$4,410,665</u>	<u>\$3,660,099</u>

See notes to financial statements.

STATEMENT OF ASSETS AND FUND BALANCES  
RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS  
OF THE STATE OF SOUTH CAROLINA

June 30, 1980

ASSETS

Cash	\$ 3,029
Accounts Receivable	250,053
Investments, at adjusted amortized cost	<u>1,510,886</u>
	<u>\$1,763,968</u>

FUND BALANCES

Employee Annuity Savings Fund	\$1,107,765
Employer Annuity Accumulation Fund	<u>656,203</u>
	<u>\$1,763,968</u>

See notes to financial statements.

STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS  
OF THE STATE OF SOUTH CAROLINA

Year Ended June 30, 1980

	Employee Annuity Savings Fund	Employer Annuity Accumulation Fund
Revenues:		
State Appropriations		\$ 874,336
Earnings on Investments		115,553
Contributions by Members	<u>\$ 1,251,203</u>	
Total Revenues	1,251,203	989,889
Expenditures:		
Retirement Benefits		410,420
Group Life Insurance Benefits		44,275
Refunds to Members	<u>22,429</u>	
Total Expenditures	22,429	454,695
Interfund Transfers According to Statutory Requirements:		
Contributions by Members at Retirement	(124,446)	124,446
Interest Credited to Members' Accounts	<u>3,437</u>	<u>(3,437)</u>
Net Interfund Transfers	<u>(121,009)</u>	<u>121,009</u>
Net Change in Fund Balance	1,107,765	656,203
Fund Balance at Beginning of Year	<u>-0-</u>	<u>-0-</u>
Fund Balance at End of Year	<u><u>\$ 1,107,765</u></u>	<u><u>\$ 656,203</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
THE RETIREMENT SYSTEMS OF SOUTH CAROLINA

AUTHORIZING LEGISLATION

The South Carolina Retirement System was established, effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the 1976 South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the State and political subdivisions thereof.

The South Carolina Police Officers Retirement System was established, effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen.

The Retirement System for Members of the General Assembly of the State of South Carolina (GARS) was created, effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the Code of Laws to provide retirement allowances and other benefits for members of the General Assembly.

The Retirement System for Judges and Solicitors of the State of South Carolina (JSRS) was created, effective July 1, 1979, for the purpose of providing retirement allowances and other benefits for judges and solicitors.

Responsibility for the investment of all funds of the Systems is vested in the State Treasurer under the restrictions imposed by Section 11-9-660 of the Code of Laws.

The costs of administering the Systems are appropriated annually by the General Assembly and are not reflected in the accounts of the Systems.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Prior to July 1, 1971 the Systems followed accounting practices which produced carrying values in the investment portfolio which were in excess of the values as determined in conformity with acceptable methods of accounting for securities transactions. The excess of security carrying values in the investment portfolio as determined according to the accounting procedures followed by the Systems, and the values as determined using a deferred yield adjustment method of accounting, at July 1, 1971 was \$19,154,639 for the SCRS, \$203,480 for the PORs, and \$0 for the GARS. The respective excess carrying values are being amortized through charges to current operations using the straight-line method over a twenty year period beginning July 1, 1971.

Investments are currently valued at adjusted amortized cost (amortized cost plus unamortized deferred yield adjustments). The Systems amortize bond premium and accrete bond discount for all securities acquired after July 1, 1971 using the straight-line method based upon maturity dates.

The deferred yield adjustment method of accounting for bond exchanges prescribes when exchanges have taken place (bonds being replaced with similar bonds), the current operating statement should not show gains or losses from bond exchanges nor should the statement of assets available for retirement benefits disclose materially different carrying values for

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
THE RETIREMENT SYSTEMS OF SOUTH CAROLINA

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

similar bonds. Under this method, the difference between the proceeds from the sale of a bond (which are reinvested in a similar bond) and the book value of the bond sold is not recorded as a gain or loss, but is recorded as an amount to be amortized over the future life of the bond exchanged or acquired, whichever is shorter, to offset the future interest income including accretion of any discount or amortization of any premium which results in the purchase of bonds to replace the bonds sold. Recognizing the long-term yield objectives of investing, the deferred yield adjustment method provides a more reasonable basis within a public employee retirement system to account for bond exchanges and accordingly, the use of this method provides financial information which more properly reflects the substance of the transactions.

Earnings on investments consist of interest actually received during the year (net of accrued interest on bonds purchased), less amortization of bond premium, plus accretion of bond discount, and the amortization of the deferred yield adjustment for bond exchanges since July 1, 1971. Any gains and losses arising from non-exchange bond transactions are not deferred and are recognized as current year gains and losses.

Contributions from members and employers are recorded on the accrual basis of accounting.

Interest is credited annually at the rate of 4% per annum to members' accounts based upon balances in the accounts on June 30th of the preceding year by transferring the amounts earned from the respective employer annuity accumulation funds to the members' accounts in the employee annuity savings fund.

Retirement benefits and refunds to members are not recorded until disbursed.

INVESTMENTS

Adjusted amortized cost of investments for the respective Systems is computed as follows:

SCRS

	<u>June 30, 1980</u>	<u>June 30, 1979</u>
Par value of securities	\$1,755,813,442	\$1,547,349,787
Add (deduct):		
Net unaccreted discount	<u>(81,962,694)</u>	<u>(71,476,455)</u>
Amortized cost of securities	1,673,850,748	1,475,873,332
 Add unamortized deferred yield adjustments	 <u>91,400,029</u>	 <u>60,326,830</u>
Adjusted amortized cost	<u>\$1,765,250,777</u>	<u>\$1,536,200,162</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
THE RETIREMENT SYSTEMS OF SOUTH CAROLINA

INVESTMENTS (CONTINUED)

PORS

	June 30, 1980	June 30, 1979
Par value of securities	\$130,892,078	\$111,727,039
Add (deduct):		
Net unaccreted discount	<u>(4,310,307)</u>	<u>(2,991,352)</u>
Amortized cost of securities	126,581,771	108,735,687
Add unamortized deferred yield adjustments	<u>4,330,658</u>	<u>2,257,176</u>
Adjusted amortized cost	<u>\$130,912,429</u>	<u>\$110,992,863</u>

GARS

Par value of securities	\$ 6,058,623	\$ 5,135,000
Add (deduct):		
Net unaccreted discount	<u>(110,018)</u>	<u>(56,499)</u>
Amortized cost of securities	5,948,605	5,078,501
Add unamortized deferred yield adjustment	<u>100,616</u>	<u>27,786</u>
Adjusted amortized cost	<u>\$ 6,049,221</u>	<u>\$ 5,106,287</u>

JSRS

Par value of securities	\$ 1,550,000
Add (deduct):	
Net unaccreted discount	<u>(39,114)</u>
Amortized cost of securities	<u>\$ 1,510,886</u>

Contributions to and earnings of the Systems are expected to exceed retirement and withdrawal payments for an extended period of time. As a consequence of this cash flow, no provision is considered necessary for possible losses on disposal of securities in the investment portfolio because the Systems have the ability and intend to either hold the securities to maturity or exchange such securities and do not expect to realize any significant losses. Market value is one of the factors considered in the overall management of the portfolios which are governed primarily by specific statutory requirements. Independent investment counsel is retained to assist in the investment process.

ACTUARIAL INFORMATION:

Each of these Systems is serviced by an independent actuary. The most recent actuarial valuation of the SCRS was June 30, 1978, reflecting an unfunded accrued liability of \$470.6 million (assuming two additional lifetime cost of living increases of 4%). The most recent actuarial valuation of the PORS was as of June 30, 1979. This valuation reflected an unfunded accrued liability of \$40.5 million. The most recent actuarial valuation of the GARS was as of June 30, 1979 at which time there was an unfunded accrued liability of \$5.1 million.

Effective for the plan year ending June 30, 1980, the State Budget and Control Board adopted revised assumptions as to interest rate and salary scale for the SCRS which were considered necessary to more reasonably reflect the System's experience. The assumed interest rate was revised from 5.25% to 7% per annum and the average salary scale was revised from 3.5% to 6.5%. These assumptions, if applied to the valuation of June 30, 1978, would have resulted in an unfunded accrued liability of \$325.0 million. Other plans are valued on a 5.25% interest assumption and other actuarial assumptions which are in the aggregate reasonably related to the experience and expectations of each plan. The valuation method used in the most recent valuation of the SCRS and in the PORS is the projected benefit method with level percentage entry age, normal cost and open end, unfunded, accrued liability. Gains and losses are reflected in those two plans in the period remaining to liquidate the unfunded accrued liabilities. With respect to the GARS, the valuation was based on the projected benefit method with aggregate level normal and frozen supplemental liability. All gains and losses were spread over the current year and future years in accordance with the funding method used in each valuation.



INVESTMENTS  
SOUTH CAROLINA RETIREMENT SYSTEM

<u>June 30, 1980</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Post July 1, 1971 Unamortized Deferred Yield Adjustment</u>
U. S. Government and Agencies	\$ 780,224,264	\$ 768,205,050	\$ 5,183,334
State of South Carolina Institutions	3,890,000	3,890,000	-0-
Corporate Bonds:			
Industrials	446,867,229	443,901,314	2,788,930
Utilities	425,641,000	359,698,540	72,435,195
Rails	17,937,949	17,937,949	-0-
Financial & Other	<u>81,253,000</u>	<u>80,216,896</u>	<u>457,518</u>
	<u>\$1,755,813,422</u>	<u>\$1,673,850,749</u>	<u>\$ 80,864,977</u>
 <u>June 30, 1979</u>			
U. S. Government and Agencies	\$ 585,449,276	\$ 575,293,366	\$ 2,009,189
State of South Carolina Institutions	4,545,000	4,545,000	-0-
Corporate Bonds:			
Industrials	454,712,276	451,338,365	3,223,890
Utilities	405,541,000	348,585,382	43,295,845
Rails	18,352,235	18,352,235	-0-
Financial & Other	<u>78,750,000</u>	<u>77,758,984</u>	<u>305,123</u>
	<u>\$1,547,349,787</u>	<u>1,475,873,332</u>	<u>\$ 48,834,047</u>

# INVESTMENTS

## SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

<u>June 30, 1980</u>	<u>Par Value</u>	<u>Amortized Cost</u>	Post July 1, 1971 <u>Unamortized Deferred Yield Adjustment</u>
U. S. Government and Agencies	\$ 66,478,078	\$ 65,187,337	\$ 574,537
Corporate Bonds:			
Industrials	26,899,000	26,695,008	192,049
Utilities	22,215,000	19,430,391	3,452,049
Financial and Other	<u>15,300,000</u>	<u>15,269,035</u>	<u>109</u>
	<u>\$ 130,892,078</u>	<u>\$ 126,581,771</u>	<u>\$ 4,218,744</u>
 <u>June 30, 1979</u>			
U. S. Government and Agencies	\$ 51,063,039	\$ 50,395,087	\$ 20,653
Corporate Bonds:			
Industrials	26,549,000	26,355,758	205,824
Utilities	19,215,000	17,117,144	1,908,949
Financial and Other	<u>14,900,000</u>	<u>14,867,698</u>	<u>(338)</u>
	<u>\$ 111,727,039</u>	<u>\$ 108,735,687</u>	<u>\$ 2,135,088</u>

# INVESTMENTS

## RETIREMENT SYSTEM FOR MEMBERS OF THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA

			Post July 1, 1971
<u>June 30, 1980</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Unamortized Deferred Yield Adjustment</u>
U. S. Government and Agencies	\$ 3,758,623	\$ 3,722,128	\$ 18,703
Corporate Bonds:			
Industrials	1,300,000	1,295,488	-0-
Utilities	600,000	529,116	81,914
Financial and Other	<u>400,000</u>	<u>401,873</u>	<u>-0-</u>
	<u>\$ 6,058,623</u>	<u>\$ 5,948,605</u>	<u>\$ 100,617</u>
 <u>June 30, 1979</u>			
U. S. Government and Agencies	\$ 3,135,000	\$ 3,096,067	-0-
Corporate Bonds:			
Industrials	1,500,000	1,500,475	-0-
Utilities	300,000	282,430	27,786
Financial and Other	<u>200,000</u>	<u>199,529</u>	<u>-0-</u>
	<u>\$ 5,135,000</u>	<u>\$ 5,078,501</u>	<u>\$ 27,786</u>

INVESTMENTS

RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS  
OF THE STATE OF SOUTH CAROLINA

<u>June 30, 1980</u>	<u>Par Value</u>	<u>Amortized Cost</u>
U. S. Government and Agencies	\$1,400,000	\$1,360,886
Repurchase Agreement	<u>150,000</u>	<u>150,000</u>
	<u>\$1,550,000</u>	<u>\$1,510,886</u>

REPORT OF THE STATE AGENT  
FOR  
SOCIAL SECURITY

On July 22, 1954, the Director of the South Carolina Retirement System on behalf of the State of South Carolina signed the Master Federal-State Agreement with the Department of Health, Education, and Welfare, as authorized by the Social Security Act, Title II, Section 218, permitting social security coverage to be extended to employees of the State and its political subdivisions.

Administration of the Social Security Act was delegated to the Director of the South Carolina Retirement System as State Agent. The responsibilities of the State Agent include negotiating Modifications to the Master Federal-State Agreement, overseeing the processing of quarterly reports of wage information and remittance of tax collected as well as providing information and consultation on the various procedures available under federal and state statutes concerning adoption of coverage.

The agreement between the State and the Social Security Administration requires that the State and all counties, municipalities, boards of education and public agencies of the State make quarterly reports of wages paid to their employees who are covered by Social Security pursuant to the Agreement. The State Agent receives these reports with the Social Security contributions (taxes), reviews and summarizes them, and forwards them to the Social Security Administration.

The State Agency processed an average of 850 quarterly Social Security wage reports in each quarter of fiscal year 1979-80 covering approximately 200,000 public employees of the State, its political subdivisions and instrumentalities. Total Social Security contributions of approximately \$224 million were transmitted to the Social Security Administration to cover employer and employee tax liability on these reports.

Effective July 1, 1980 the Social Security Administration required remittance of contributions on a monthly basis. This plan requires the State Agent to deposit contributions in the federal reserve system thirty (30) days after the close of each month.

Regulations were also issued by the Social Security Administration eliminating the present detail quarterly wage reports and instituting an annual reporting plan similar to that in effect for private enterprise entities.

Modifications to the South Carolina State Social Security Agreement approved during the year ended June 30, 1980 are summarized on the following pages.

Modification No. 366, amended the effective date of Modification No. 357 from April 1, 1979 to October 1, 1977.

Modification No. 367, amended Modification No. 135 to delete the exclusion of services in 'services in part-time positions' and extended coverage to such services for the Charleston County Economic Opportunity Commission. The effective date of coverage for such services was January 1, 1975.

Modification No. 368, amended Modification No. 103 to delete the exclusion of services in 'services in part-time positions' and extended coverage to such services for the Town of Calhoun Falls. The effective date of coverage was May 1, 1968.

Modification No. 369, extended coverage to the employees of the Metropolitan Sewer Sub-District as an absolute coverage group. Services of elected positions, part-time positions, and positions compensated on the basis of fees are excluded from coverage. The effective date of coverage was January 1, 1979.

Modification No. 369, also extended coverage to the employees of the Calhoun Soil and Water Conservation District as an absolute coverage group. Services of elected positions and positions compensated on the basis of fees are excluded from coverage. The effective date of coverage was September 30, 1977.

Modification No. 370, amended Modification No. 7 to delete the exclusion of services in 'services in part-time positions' and extended coverage to such services for the Abbeville County Memorial Hospital. The effective date of coverage for such services was March 1, 1974.

Modification No. 371, extended coverage to the employees of the Boiling Springs Fire District as an absolute coverage group. There are no exclusions. The effective date of coverage was September 11, 1979.

Modification No. 371, also extended coverage to the employees of the Town of Hodges as an absolute coverage group. Services of elected positions and positions compensated on the basis of fees are excluded from coverage. The effective date of coverage was October 1, 1979.

Modification No. 372, extended coverage to the employees of the Abbeville County Commission on Alcohol and Drug Abuse as an absolute coverage group. There are no exclusions. The effective date of coverage was October 1, 1979.

Modification No. 374, amended the effective date of Modification No. 356 from November 20, 1978 to January 1, 1977.

Modification No. 375, amended Modification No. 12 by adding the Marion County Commission on Alcohol and Drug Abuse as an additional political subdivision participant of the South Carolina Retirement System. The effective date of coverage was January 1, 1974.



Modification No. 377, extended coverage to the employees of the Murrell's Inlet-Garden City Fire District as an absolute coverage group. Services of elected positions, part-time positions, and positions compensated on the basis of fees are excluded from coverage. The effective date of coverage was January 1, 1979.

Modification No. 378, extended coverage to the employees of the North Greenville Fire District as an absolute coverage group. There are no exclusions. The effective date of coverage was May 26, 1978.

STATEMENT OF ASSETS AND FUND BALANCE  
SOCIAL SECURITY CONTRIBUTION TRUST FUND

	JUNE 30, 1980	JUNE 30, 1979
ASSETS		
Cash	\$ 140,154	\$ 302,062
Accounts Receivable (Payable)	13,578	(146,756)
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	<u>\$ 153,732</u>	<u>\$ 155,306</u>
FUND BALANCE		
Fund Balance	<u>\$ 153,732</u>	<u>\$ 155,306</u>

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
AND CHANGES IN FUND BALANCE  
SOCIAL SECURITY CONTRIBUTION TRUST FUND

	YEAR ENDED JUNE 30, 1980	YEAR ENDED JUNE 30, 1979
RECEIPTS:		
Employee and employer contributions	\$189,105,640	\$164,355,719
Employer contributions for public schools paid by the Department of Education	34,787,236	30,983,670
Interest assessments collected and corrections to prior reports	38,967	19,148
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Total Revenues	223,931,843	195,358,537
DISBURSEMENTS:		
Employee and employer contributions remitted to Social Security Administration	223,894,450	195,186,718
Remittances to Social Security Administration for interest assessments and corrections to prior reports	38,967	19,148
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Total Expenditures	223,933,417	195,205,866
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Net Change in Fund Balance	(1,574)	152,671
Fund balance at beginning of year	155,306	2,635
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Fund balance at end of year	<u>\$ 153,732</u>	<u>\$ 155,306</u>