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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
THE SOUTH CAROLINA RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 1987**

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 & Solicitors
of the State of South Carolina (JSRS)**

**1122 Lady Street
NBSC Building
Columbia, South Carolina 29211**

**Purvis W. Collins
Director**

**Report prepared by the Staff of the System's
Accounting Department**

Wayne D. Pruitt, CPA, Controller

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INTRODUCTORY SECTION

South Carolina Retirement Systems



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

Diff. Dir.
PURVIS W. COLLINS
DIRECTOR

December 11, 1987

Honorable Carroll A. Campbell, Jr., Governor
and
State Budget and Control Board
State of South Carolina

Gentlemen:

The Comprehensive Annual Financial Report of the South Carolina Retirement Systems for the fiscal year ended June 30, 1987 is submitted herewith. This report contains information on the four retirement plans administered by the State of South Carolina; the South Carolina Retirement System providing coverage for employees of the State, public schools and other political subdivisions; the Police Officers Retirement System providing coverage for policemen and firemen; the General Assembly Retirement System providing coverage to members of the General Assembly; and the Judges and Solicitors Retirement System providing coverage to the State Judges and solicitors.

This report consists of five sections. The Introductory Section contains the Director's letter of transmittal, an organizational chart of the Agency and description of responsibilities for each section and a summary of current legislative changes. The Financial Section contains the financial statements of the retirement plans and related schedules. The Actuarial Section contains a summary of plan provisions for each System and schedules of actuarial statistics. The Statistical Section contains various tables and schedules of significant data related to the Systems. The Investments Section contains schedules of investments, investment growth as well as the report from the State Treasurer.

FINANCIAL REPORTING

The year ended June 30, 1987 marked a milestone in the area of financial reporting for the Systems. For the first time, the Systems issued combined financial statements on a GAAP basis. Extensive modifications were made in our financial accounting

systems and procedures in order to comply with GAAP requirements, including the early implementation of Governmental Accounting Standards Board Statement #5 entitled "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers". Modifications of our accounting systems were primarily in the investment accounting area where accruals of interest income were not made in the past and adoption of the effective interest method of amortizing premiums and accretion of discounts on fixed income investments. The net effect of these adjustments was not considered material and was reflected within operations of the current fiscal year. Although the Systems are audited on an annual basis, 1987 marks the first year that our annual report has contained the report of our independent accountants.

ASSETS AND INVESTMENTS

Total assets, on a combined basis exceeded \$5 billion this year. In a period of ten years we have seen the Systems grow from under \$2 billion in total assets to its present point.

Through the continued conservative investment policies of the Systems we continue to reflect a steady growth in our portfolios, largely unaffected by the equity market fluctuations of recent months. Seldom has the importance of the "preservation of principal" philosophy been more evident than in the past few months.

REVENUES

In order for a retirement system to properly fund the payments of retirement benefits in future years, it is necessary to accumulate funds on a regular and systematic basis. There are three principal sources from which the Systems derive revenues: employee contributions, employer contributions, and earnings on investments. Investment earnings in the South Carolina Retirement System and Police Officers Retirement System continue to provide in excess of 50% of the total new funds flowing into the Systems.

Total revenues for the South Carolina Retirement System rose from \$820.6 million for 1986 to \$845.9 million for 1987. The Police Officers Retirement System sustained revenue growth from \$78.3 million in 1986 to \$79.3 million in 1987.

Contribution rates for both employees and employers remained unchanged during the fiscal year ended June 30, 1987. However, effective July 1, 1987 employer contribution rates under the PORS were reduced due to the near-liquidation of the prior service liability under the System. We also reduced the group life insurance rates, effective July 1, 1987, due to the excellent experience of the programs and the accumulation of reserves.

EXPENSES

Expenses of the Systems consist primarily of payments of monthly annuities to retired members and their beneficiaries and the refund of member contributions upon termination. Other programs administered by the Systems include a group life insurance plan for both active and retired members, and an accidental death plan for police officers. Total annuity payments, including supplements, increased from \$191 million in 1986 to \$216 million in 1987, a growth of \$25 million or 13.1%.

FUNDING

The overall objective in the funding of any retirement system is to accumulate sufficient funds to pay benefits when due. The Systems continue to make steady progress and improvement in the level of funding, thereby assuring all participants of the continued financial stability of the Systems.

The unfunded accrued liability and remaining liquidation period for each System at June 30, 1986 (most recent completed valuation) was as follows:

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>
Unfunded accrued liability	\$825,871	\$16,163	\$7,882	\$18,601
(in thousands)				
Remaining liquidation				
period (years)	17	2	20	30

Beginning with the June 30, 1986 valuation, liabilities for cost-of-living increases for retirees and active members eligible for retirement were included in the valuation results for the SCRS. These liabilities were previously included in valuations of the PORS.

ACKNOWLEDGMENTS

The completion of this report reflects the combined effort of the System's staff. It is intended to provide comprehensive and reliable information about the Systems and as a means of determining responsible stewardship for the assets held for our membership.

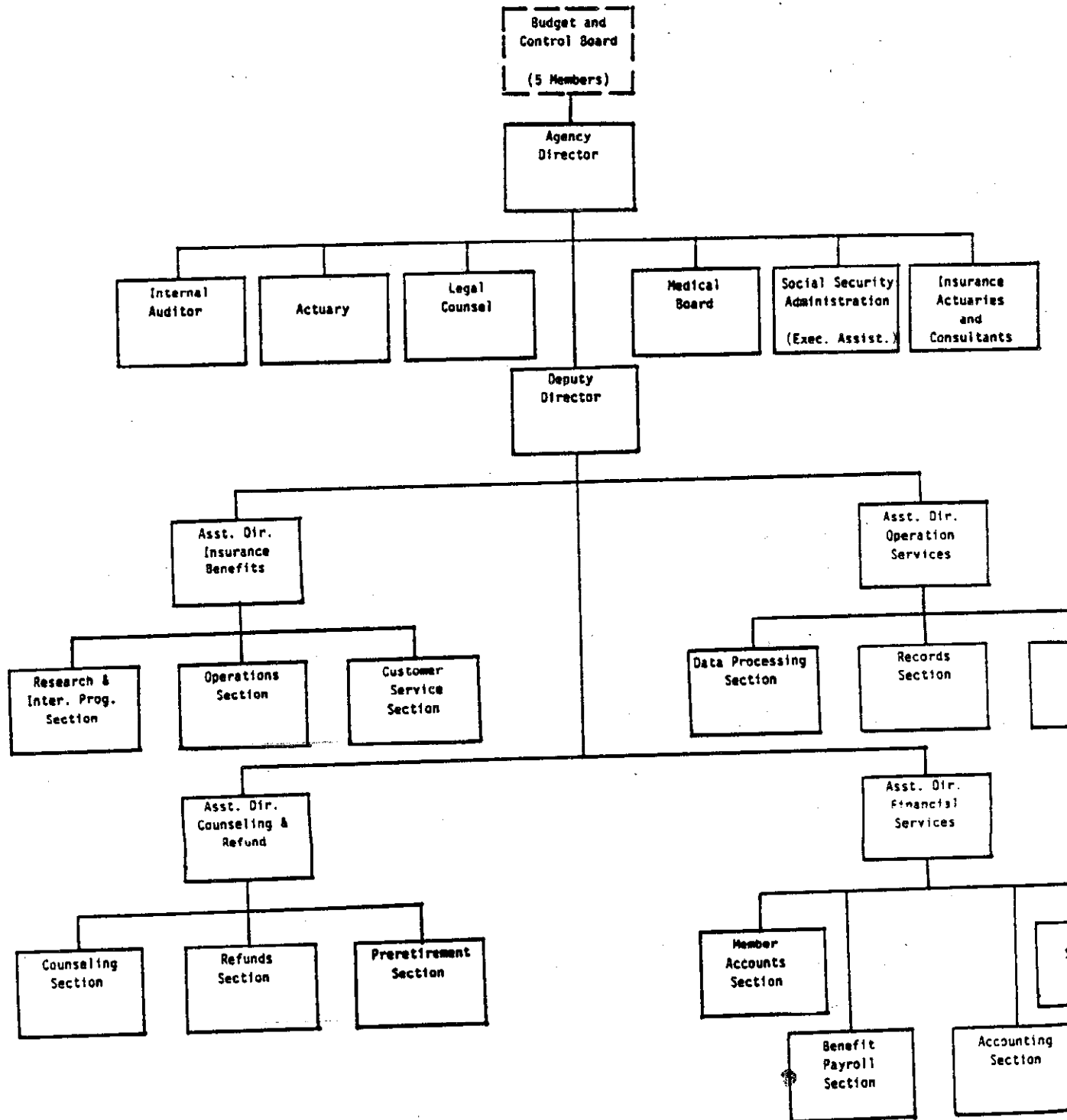
I would like to express my gratitude to the staff, the consultants, the Board and to the people who have diligently worked to assure the continued responsible and successful operations of the Systems.

Respectively submitted,

Purvis W. Collins
Purvis W. Collins

pm

SOUTH CAROLINA RETIREMENT SYSTEMS



ADMIN
Dir.

ADMINISTRATION

Governing Board - State Budget and Control Board

His Excellency Governor Carroll A. Campbell, Jr.
Honorable Grady L. Patterson, Jr.
Honorable Earle E. Morris,
Honorable Rembert C. Dennis
Honorable Robert N. McLellan

Jesse P. Coles, Jr., Ph. D.

Consulting Actuary

Donald M. Overholser
George B. Buck Consulting Actuaries, Inc.

Retirement System Staff

Administration

Purvis W. Collins
Joseph A. Mack
E. D. Goodwin, Jr.
Joseph C. Griffith
Henry R. Blackwell, Jr.
Phyllis B. Beighley
Brenda M. Bryant

Financial Services Division

Wayne D. Pruitt, CPA
Emory M. Kinard
Joy H. Richardson
John R. Davis
Rosemary Tien, CPA
Beverly K. Abdalla

Insurance Benefits Division

James R. Davis
Charlotte Ruff
Judith H. Allen

Counseling & Refunds Division

Holly Kednocker
Elvena Bickley
Phyllis C. Gardner

Information Services Division

Michael Nivens
Frances Gantt
Joyce Comisky

Chairman, Ex Officio
State Treasurer
Comptroller General
Chairman of Senate Finance Committee
Chairman of House Ways and Means Committee

Executive Director

Director
Deputy Director
Assistant Director, Financial Services
Assistant Director, Counseling
Assistant Director, Information Services
Assistant Director, Insurance Benefits
Administration of Social Security

Controller
Controller, Insurance Benefits
Manager, Retirement Accounting
Manager, Insurance Accounting
Manager, Member Accounts
Benefits Payroll

Manager, Research and Intervention Section
Enrollment Supervisor
Insurance Benefits Supervisor

Counseling Supervisor
Refunds Supervisor
Pre-Retirement Education

Data Processing Manager
Records Supervisor
Service Department

Org. Desc. D.N. 7

ORGANIZATIONAL DESCRIPTION:

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:

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. Responsible for maintenance of financial records over all insurance programs.

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

Benefits Payroll Section - Responsible for the disbursement of monthly annuity 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.

Insurance Benefits Division:

Research and Intervention Section - Responsible for performing research and evaluation functions over insurance programs and preparation of statistical information as well as evaluation of the insurance programs.

Operations Section - Responsible for the enrollment of employees and changes in coverage of all participants in the various available insurance coverages.

Customer Service - Responsible for providing counseling services to participants of various health and dental programs.

Information Services Division:

Data Processing Section - 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.

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

Counseling & Refunds Division:

Counseling Section - Responsible for counseling members relating to retirement, 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 section 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.

*Current
Dir. 2*

CURRENT LEGISLATION

The following amendments were enacted during the 1987 Session of the General Assembly.

- R71 Authorizes members of the Police Officers Retirement System to establish credit for out-of-state service in the public sector.
- R113 Authorizes members of the Police Officers Retirement System to establish in-state non-member credit under the police system provided it had never been credited under another South Carolina system.
- R139 Authorizes an early retirement plan for public institutions of higher education.
- R70 Authorizes an Optional Retirement Plan for teaching and administrative employees employed on or after July 1, 1987 in public supported four-year and post graduate institutions of higher education.

The following amendments were included in the 1987 State Appropriations Act:

1. Increases earnings limitation from \$8,000 to \$8,500 . The month following the month in which a retiree earns in excess of \$8,500 under covered employment during a fiscal year, the retirement benefit is discontinued during the remainder of the fiscal year. Covered employment is work for an employer participating in the South Carolina Retirement Systems.

2. Authorizes the Retirement System to administer a Section 125 Cafeteria Plan.

Also, local units of government are authorized to administer their own Cafeteria Plans.

The Amendment specifically states retirement contributions and benefits shall not be reduced as a result of a Cafeteria Plan.

3. Retirees who retired on July 1, 1986 or before will receive a 4% increase on July 1, 1987. The statute provides if the CPI increases at least 3%, the cost-of-living increase will be 4%. If the CPI is less than 3%, the cost-of-living will equal the CPI increase.

The General Assembly amended the statute for July 1, 1987 only; the 4% cost-of-living increase will be granted irrespective of the CPI increase.

FINANCIAL SECTION

Auditor
Dir I

Price Waterhouse



December 1, 1987

The South Carolina State Auditor's Office
Columbia, South Carolina

We have examined the combined financial statements of the Pension Trust Funds of the State of South Carolina as of and for the year ended June 30, 1987, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1, the combined financial statements present only the Pension Trust Funds of the State of South Carolina and are not intended to present fairly the financial position and results of operations of the State of South Carolina in conformity with generally accepted accounting principles. As described in Note 7, the Pension Trust Funds of the State of South Carolina have extensive transactions and relationships with other departments, funds, and account groups of the State of South Carolina.

In our opinion, the combined financial statements referred to above present fairly the financial position of the Pension Trust Funds of the State of South Carolina at June 30, 1987, and the results of those funds' operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Required Supplementary Information on pages 26 and 27 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

December 1, 1987

The South Carolina State Auditor's Office
Columbia, South Carolina

Page 2



Our examination was made for the purpose of forming an opinion on the combined financial statements of the Pension Trust Funds of the State of South Carolina taken as a whole. The combining, individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Pension Trust Funds of the State of South Carolina. Such information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Price Waterhouse

Total Assets 2
D.R.I.

COMBINED BALANCE SHEET
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS
JUNE 30, 1987

Assets

Investments, at amortized cost:	
Short-term investments	\$ 339,270,146
United States Government securities	2,151,581,445
United States Government agencies and government-insured securities	913,806,133
Corporate bonds	1,290,698,379
Financial and other	271,798,886
Total investments	<u>4,967,154,989</u>
Deferred yield adjustment for security exchanges	201,475,277
Receivables:	
Contributions	51,621,257
Accrued interest	84,332,380
Cash	<u>3,346,884</u>
Total assets	<u>\$ 5,307,930,787</u>

Liabilities and fund balances

Liabilities:	
Accrued expenses	\$ <u>1,130,147</u>
Fund balances:	
Employee fund	1,346,019,329
Employer fund	3,909,437,148
Group life insurance fund	48,335,077
Accidental death fund	<u>3,009,086</u>
Total fund balances	<u>5,306,800,640</u>
Total liabilities and fund balances	<u>\$ 5,307,930,787</u>

See notes to financial statements.

*Combining 2
Dir II*

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 1987**

Operating revenues:

Employee contributions:

State department employees	\$ 75,796,426
Public school employees	69,698,544
Other political subdivision employees	27,260,740

Employer contributions:

State department employers	106,051,598
Public school employers	89,778,667
Other political subdivision employers	38,222,575

Supplemental retirement benefits funded by the State

8,390,708

Investment income

518,715,910

Total operating revenues

933,915,168

Operating expenses:

Refunds of contributions to members

29,703,791

Regular retirement benefits

207,337,948

Supplemental retirement benefits

8,390,708

Group life insurance payments

7,080,231

Accidental death benefits

288,755

Administrative charges

3,880,224

Total operating expenses

256,681,657

Net income

677,233,511

Fund balances at beginning of year

4,629,567,129

Fund balances at end of year

\$ 5,306,800,640

See notes to financial statements.

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D.N.I

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 1987

Sources of working capital:	
Operations - net income	\$ <u>677,233,511</u>
Net increase in working capital	\$ <u><u>677,233,511</u></u>
Elements of net increase in working capital:	
Cash	\$ 3,005,468
Investments	621,866,434
Deferred yield adjustment	(34,485,153)
Receivables	87,976,909
Accrued expenses	<u>(1,130,147)</u>
Net increase in working capital	\$ <u><u>677,233,511</u></u>

See notes to financial statements.

Description
Part I

**NOTES TO COMBINED FINANCIAL STATEMENTS
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS**

1- BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

The combined pension trust fund financial statements present the Balance Sheet, Statement of Revenues, Expenses and Changes in Fund Balances, and Statement of Changes in Financial Position of the following entities:

- 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)

Each System operates on an autonomous basis; funds may not be transferred from one plan to another or utilized for any purpose other than for the benefit of each plan's participants. The SCRS and PORS are cost-sharing multiple-employer plans. The GARS and JSRS are considered single-employer plans.

The pension trust funds are included in the financial statements of the State of South Carolina.

Financial statements are prepared on the accrual basis of accounting in accordance with National Council on Governmental Accounting Statement 1. Financial statement disclosures are prepared in accordance with standards established by the Governmental Accounting Standards Board Statement 5.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Investments- Investments are valued at amortized cost. The Systems amortize bond premiums and accrete bond discounts using the effective interest method. Securities and securities transactions are reflected in the financial statements on a trade-date basis.

Gains and losses on bond exchanges are accounted for under the deferral and amortization method whereby net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. Any gains or losses arising from non-exchange bond transactions are not deferred and are recognized as current year investment income. Investment income consists of interest earned during the year, amortization of premiums and accretion of discounts, and amortization of the deferred yield adjustment on securities exchanges and gains/losses on non-exchange bond transactions.

Contributions - Employee and employer contributions are reported on the accrual basis. Substantially all contributions receivable are collected within 30 days of year end.

Accrued expenses - Retirement and annuity benefits and group life insurance claims are recorded on the accrual basis of accounting.

2- DESCRIPTION OF PLANS:

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 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 was created, effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the Code of Laws for the purpose of providing retirement allowances and other benefits for judges and solicitors.

A brief summary of benefit provisions, eligibility criteria and vesting is presented below:

MEMBERSHIP:

SCRS - Generally all employees are required to participate in and contribute to the System as a condition of employment.

PORS - Generally all full time employees whose principle duties are the preservation of public order, protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment.

GARS - All persons are required to participate in and contribute to the System upon taking office as a member of the General Assembly.

JSRS - All solicitors, judges of a Circuit or Family Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the System upon taking office.

PENSION BENEFITS:

SCRS - Monthly pension payable at age 65 or 30 years

credited service regardless of age. Reduced pension benefits are payable as early as age 60. Member is vested for a deferred annuity with 5 years service.

PORS - Monthly pension payable at age 55 with minimum 5 years service or 30 years credited service regardless of age. Reduced pension benefits are payable as early as age 50. Member is vested for a deferred annuity with 5 years service.

GARS - Member is eligible for a monthly pension at age 60 or 30 years of credited service. Member is vested for a deferred annuity with 8 years service.

JSRS - Pension benefit payable at age 72 with 10 years service, age 70 with 15 years service, age 65 with 20 years service or with 25 years service regardless of age.

Membership, benefits and employee and employer contribution requirements are prescribed in Title 9 of the S.C. Code of Laws of 1976 (as amended).

The number and types of employers contributing to each System and the annual payroll of each type for the year ended June 30, 1987 are as follows:

	State*	School	Other	Total
SCRS				
Number of Employers	166	111	363	640
Annual Covered Payroll (000's omitted)	\$ 1,208,697	\$1,224,183	\$386,303	\$2,819,183
Average Number of Contributing Members	59,450	66,751	27,330	153,531
PORS				
Number of Employers	34		178	212
Annual Covered Payroll (000's omitted)	\$116,098		\$115,663	\$ 231,761
Average Number of Contributing Members	6,272		6,570	12,842
GARS				
Number of Employers	2			2
Annual Covered Payroll (000's omitted)	\$ 2,312			\$ 2,312
Average Number of Contributing Members	170			170

JSRS

Number of Employers	2	2
Annual Covered Payroll (000's omitted)	\$ 7,375	\$ 7,375
Average Number of Contributing Members	104	104

*Note: Each State Agency is considered a separate employer for reporting purposes.

Based upon the most recent complete actuarial valuation (June 30, 1986) the membership of the System was as follows:

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>TOTAL</u>
a) Retirees and beneficiaries receiving benefits	32,742	2,045	111	54	34,952
Terminated employees entitled to benefits but not yet receiving them	<u>79,141</u>	<u>3,704</u>	<u>98</u>		<u>82,943</u>
	<u>111,883</u>	<u>5,749</u>	<u>209</u>	<u>54</u>	<u>117,895</u>
b) Fully vested active employees	86,877	5,676	41	66	92,660
Nonvested active employees	<u>62,660</u>	<u>6,429</u>	<u>160</u>	<u>37</u>	<u>69,286</u>
	<u>149,537</u>	<u>12,105</u>	<u>201</u>	<u>103</u>	<u>161,946</u>
	<u>261,420</u>	<u>17,854</u>	<u>410</u>	<u>157</u>	<u>279,841</u>

3- ACCOUNTING CHANGES:

Effective for the fiscal year ended June 30, 1987 the Systems made the following accounting changes:

- Adoption of the effective interest method for amortization of premiums and discounts on investments. Prior to this change, the straight-line method was used to amortize premiums and discounts.
- Adoption of the accrual basis of accounting for recognition of investment income. Prior to this change, the cash basis of accounting was used to record investment earnings.

- c) Adoption of the accrual basis of accounting for pension benefits and group life insurance claims. Prior to this change, the cash basis of accounting was used to record pension benefits and group life insurance claims.

The net effect of these accounting changes at the beginning of the fiscal year ended June 30, 1987 was not considered material to the financial position or results of operations of the Systems. The net effect of these accounting changes was reported as an adjustment to operations of the fiscal year ended June 30, 1987.

4- INVESTMENTS AND DEPOSITS:

The following table presents market values of investments at June 30, 1987. All investments are insured or registered, or held by the State or its agent in the name of the State Treasurer as custodian.

<u>Investment</u>	Fair Market Value (Amounts in thousands)				
	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>TOTAL</u>
Short-term Investments	\$ 302,817	\$ 32,346	\$ 1,445	\$ 2,580	\$ 339,188
U.S. Government securities	2,279,395	197,999	8,172	12,508	2,498,074
U.S. Government agencies and government-insured securities	898,954	84,198	2,732	1,286	987,170
Corporate bonds	1,186,226	116,093	3,328	5,004	1,310,651
Financial and other	270,990	6,566	177		277,733
	<u>\$4,938,382</u>	<u>\$437,202</u>	<u>\$15,854</u>	<u>\$ 21,378</u>	<u>\$5,412,816</u>

As prescribed by Statute, the State Treasurer is the custodian and investment manager of all investments and deposits of the Systems. The Systems may invest in a variety of instruments including obligations of the United States and its agencies and securities fully guaranteed by the United States, certain corporate obligations, certain shares of Federal savings and loan associations and State chartered savings and loan associations, and collateralized repurchase agreements. On April 27, 1987, the State Treasurer committed to purchase up to \$50 million in Mortgage Guaranty Insurance Corporation loan pass-through certificates for the South Carolina Retirement System. As of June 30, 1987, \$18.5 million in bids had been confirmed against the \$50 million commitment. None of the transactions were settled as of June 30, 1987.

All deposits of the Systems are insured or collateralized with securities held by the State or its agent in the State Treasurer's name as custodian.

In the past, the State Treasurer has required collateralization of repurchase agreements and safekeeping of securities that the Systems purchase through the Federal Reserve's book entry system. Beginning on June 30, 1987, the State Treasurer implemented additional procedures to further strengthen the Systems' security position. Specifically, the State Treasurer began requiring safekeeping of all investments by a third-party safekeeping agent. In addition, the State Treasurer now requires delivery of collateral for repurchase agreements to the third-party safekeeping agent.

5- FUNDING STATUS AND PROGRESS:

The pension benefit obligation as shown in the following schedule is the actuarial present value of credited projected benefits. This is the standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the Systems' funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due. This is the required disclosure measure as prescribed by Governmental Accounting Standards Board Statement # 5. This measure is independent of the actuarial funding method used to determine contributions to the Systems.

The pension benefit obligation was determined based on the actuarial valuations performed as of June 30, 1986.

Significant actuarial assumptions used to compute the pension benefit obligations are as follows:

Interest rate - 7% per annum, compounded annually, effective for all plans.

Salary scales -

	SCRS	PORS	GARS	JSRS
a) Inflation	4%	4%	4%	4%
b) Merit or seniority	2%	2%	1%	2%

Salary scales for the SCRS and PORS are on a graded scale based on age. The above figures are representative of that scale.

Post retirement benefit increases -	4%	4%	-0-	4%
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Separations - Rates of separation due to withdrawal, death, service retirement and disability are based upon tables constructed from past experience of the plans.

Pension benefit obligation -(based on June 30, 1986 actuarial valuation)

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>TOTAL</u>
	(All Amounts in Millions)				
Pension benefit obligation:					
a) Retirees and beneficiaries currently receiving benefits	\$ 1,920.1	\$ 123.4	\$ 9.7	\$ 26.8	\$ 2,080.0
Terminated employees entitled to benefits but not yet receiving them	<u>97.1</u> <u>2,017.2</u>	<u>8.7</u> <u>132.1</u>	<u>.7</u> <u>10.4</u>	<u>26.8</u>	<u>106.5</u> <u>2,186.5</u>
b) Current employees:					
Accumulated employee contributions including allocated investment income	1,066.1	62.7	2.3	3.5	1,134.6
Employer-financed vested	400.8	72.1	3.4	2.6	478.9
Employer-financed nonvested	<u>2,263.4</u> <u>3,730.3</u>	<u>130.2</u> <u>265.0</u>	<u>5.0</u> <u>10.7</u>	<u>16.0</u> <u>22.1</u>	<u>2,414.6</u> <u>4,028.1</u>
Total pension benefit obligation	5,747.5	397.1	21.1	48.9	6,214.6
Net assets available for benefits, at amortized cost	<u>4,202.4</u>	<u>353.3</u>	<u>13.6</u>	<u>16.3</u>	<u>4,585.6</u>
Unfunded pension benefit obligation	<u>\$ 1,545.1</u>	<u>\$ 43.8</u>	<u>\$ 7.5</u>	<u>\$ 32.6</u>	<u>\$ 1,629.0</u>

Net assets available for benefits at June 30, 1986 at market value were \$4,582.6 million for SCRS, \$395.5 million for PORS, \$14.8 million for GARS, and \$18.7 million for JSRS.

6- FUNDING POLICY:

The actuarial cost method used by the Systems to determine the contributions from employers is the projected benefit method with entry age normal cost and open-end unfunded accrued liability. Under this method the actuarial present value of total benefits is determined and a percentage is computed to allocate pension cost to each year as a level percentage of salary.

The unfunded accrued liability liquidation periods at June 30, 1986 were as follows:

SCRS	PORS	GARS	JSRS
17 years	2 years	20 years	30 years

The significant actuarial assumptions used in determining funding

requirements are the same as those used to calculate the pension benefit obligation, except that for funding purposes, post-retirement benefit increases are only anticipated for retired members and members eligible to retire under SCRS and PORS.

The actuarial value of assets used in this method is the same as the net asset values presented in the financial statements except for the exclusion of assets attributed to the group life insurance (SCRS & PORS) and the accidental death program (PORS).

All participating employers are required to contribute monthly (SCRS & PORS) or annually (GARS & JSRS) to the Systems. All required employer contributions to the Systems have been made in the normal course of business.

Actuarially established employer contribution rates for the fiscal year ended June 30, 1987 were as follows:

	<u>Normal</u>	<u>Unfunded Accrued Liability</u>	<u>Accidental Death Program</u>	<u>Group Life Insurance Program</u>	<u>Total</u>
SCRS					
State and Schools	3.74%	3.26%	N/A	.30%	7.30%
Local	3.19%	2.96%	N/A	.30%	6.45%
PORS	6.19%	4.11%	.20%	.40%	10.90%
JSRS	20.62%	19.36%	N/A	.95%	40.93%

Actuarially established employer contribution amounts for the GARS for the fiscal year ended June 30, 1987 were as follows:

Normal	\$ 706,158
Unfunded Accrued Liability	657,421
Group life insurance	<u>4,011</u>
Total	<u>\$1,367,590</u>

The following chart shows actual employee and employer contributions for the fiscal year ended June 30, 1987.

	<u>Employee Contributions (000's omitted)</u>	<u>% of Covered Payroll</u>	<u>Employer Contributions (000's omitted)</u>	<u>% of Covered Payroll</u>
SCRS	\$159,787	5.7%	\$203,808	7.2%
PORS	12,110	5.2%	25,859	11.2%
GARS	310	13.4%	1,368	59.2%
JSRS	<u>549</u>	<u>7.4%</u>	<u>3,018</u>	<u>40.9%</u>
Total	<u>\$172,756</u>		<u>\$234,053</u>	

Commencing with the June 30, 1986 valuation of the South Carolina Retirement System, the liabilities for cost-of-living increases for retirees and active members eligible for service retirement are included in the valuation results, and the post-retirement increase special fund has been eliminated. The estimated effect of these changes has been to increase the funding period from 2 to about 17 years and to increase the unfunded accrued

liability from approximately \$130.044 million to \$825.871 million. This change had no effect on contributions or contribution rates.

The ten year historical trend information presented immediately following Note 8 provides information about progress made in accumulating sufficient assets to pay benefits when due.

7- RELATED PARTY TRANSACTIONS:

The pension plans provide pension and other fringe benefits to employees of all State agencies. Revenues attributed to these agencies are recorded in the financial statements as State department employee and employer contributions and constitute approximately 45 % of combined contribution revenues.

Administrative charges of approximately \$3.9 million were paid to an internal service fund of the Retirement Division of the State Budget and Control Board for the administration of the pension plans. In addition, the plans receive certain services from other agencies at no cost, primarily the custodial and related services provided by the State Treasurer.

Contributions receivable of approximately \$17.5 million were due from other agencies and departments of the State at June 30, 1987.

8- SUBSEQUENT EVENTS:

Effective July 1, 1987 employer contribution rates under the PORS were decreased from a total of 10.3% to 7.3%. This action, based on the recommendation of an actuarial consultant, was due to the near-liquidation of the unfunded accrued liability of the System.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited):

Combined Expenses by Type

Year Ended June 30,	Member Refunds	Annuity Payments*	Group Life Insurance Payments	Administrative Expenses	Accidental Death Payments	Total
1987	\$29,703,791	\$215,728,656	\$7,080,231	\$3,880,224	\$288,755	\$256,681,657
1986	30,360,014	190,974,043	6,785,727	3,838,941	239,108	232,197,833
1985	28,356,170	171,220,562	3,794,166	2,943,737	237,473	206,552,108
1984	26,843,909	151,848,936	4,112,751	2,435,817	212,110	185,453,523
1983	22,538,268	132,654,563	3,589,128	2,449,287	186,656	161,417,902
1982	26,177,587	119,278,738	4,253,486	2,048,540	178,429	151,936,780
1981	20,061,193	103,323,498	3,763,422		174,638	127,322,751
1980	18,556,887	89,933,862	3,367,586		147,850	112,006,185
1979	17,344,330	77,757,081	3,070,901		120,674	98,292,986
1978	16,182,134	68,414,143	2,731,919		114,185	87,442,381

*Includes both regular and supplemental retirement benefits.

Combined Revenues by Source

Year Ended June 30,	Employer Contributions	% of Covered Payroll**	Employee Contributions	Investment Income	Other Income	Total
1987	\$234,052,840	7.7%	\$172,755,710	\$518,715,910	\$ 8,390,708	\$933,915,168
1986	220,379,976	7.8%	159,388,730	528,189,120	10,312,270	918,270,096
1985	193,859,636	7.6%	140,472,014	407,187,796	11,880,254	753,399,700
1984	170,311,204	7.6%	122,578,817	312,579,514	10,407,102	615,876,637
1983	159,759,971	7.3%	114,189,920	268,362,311	9,297,398	551,609,600
1982	152,057,473	7.7%	107,764,798	222,851,834	11,318,757	493,992,862
1981	136,823,170	7.4%	99,065,055	182,982,459	9,678,675	428,549,359
1980	123,565,243	7.2%	88,650,188	144,393,839	8,293,921	364,903,191
1979	107,175,385	7.0%	75,508,240	117,229,273	7,034,729	306,947,627
1978	95,829,245	7.2%	67,000,700	97,983,800	6,539,108	267,352,853

**All contributions were made in accordance with actuarial requirements.

REQUIRED SUPPLEMENTARY INFORMATION (Continued) (Unaudited):

Analysis of Funding Progress
(Year Ended June 30, 1986)

	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
				(Amounts in Millions)		
SCRS	\$ 4,202.4	\$ 5,747.5	73.1%	\$ 1,545.1	\$ 2,634.4	58.7%
PORS	353.3	397.1	89.0%	43.8	204.4	21.4%
GARS	13.6	21.1	64.5%	7.5	2.7	277.8%
JSRS	16.3	48.9	33.3%	32.6	7.1	459.2%
	<u>\$ 4,585.6</u>	<u>\$ 6,214.6</u>	73.8%	<u>\$ 1,629.0</u>	<u>\$ 2,848.6</u>	57.2%

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension benefit obligation as a factor.

Looking at the pension benefit obligation, or the unfunded portion of the pension benefit obligation, in isolation can be misleading.

- (1) Expressing net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the extent to which the Systems are funded. Analysis of this percentage over time indicates whether the Systems are becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System.
- (2) Expressing the unfunded pension benefit obligation as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of funding progress. Generally, the smaller the unfunded percentage, the stronger the System.

COMBINING BALANCE SHEET
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS
JUNE 30, 1987

Assets	SCRS	PORS	GARS	JSRS	TOTAL
Investments, at amortized cost:					
Short-term investments	\$ 302,902,075	\$ 32,343,071	\$ 1,445,000	\$ 2,580,000	\$ 339,270,146
United States Government securities	1,964,023,437	169,400,972	7,401,641	10,755,395	2,151,581,445
United States Government agencies and government-insured securities	834,727,494	75,300,449	2,551,821	1,226,369	913,806,133
Corporate bonds	1,169,300,029	113,410,287	2,975,601	5,012,462	1,290,698,379
Financial and other	264,796,592	6,802,733	199,561		271,798,886
Total investments	4,535,749,627	397,257,512	14,573,624	19,574,226	4,967,154,989
Deferred yield adjustment for security exchanges	189,800,704	11,054,536	594,048	25,989	201,475,277
Receivables:					
Contributions	44,591,531	6,983,410	3,300	43,016	51,621,257
Accrued interest	75,832,341	7,930,871	298,626	270,542	84,332,380
Cash	3,308,786	31,382	4,986	1,730	3,346,884
Total assets	\$ 4,849,282,989	\$ 423,257,711	\$ 15,474,584	\$ 19,915,503	\$ 5,307,930,787
Liabilities and fund balances					
Liabilities:					
Accrued expenses	\$ 1,023,291	\$ 106,856			\$ 1,130,147
Fund balances:					
Employee fund	1,261,308,839	77,227,347	\$ 3,269,794	\$ 4,213,349	1,346,019,329
Employer fund	3,544,072,362	337,457,842	12,204,790	15,702,154	3,909,437,148
Group life insurance fund	42,878,497	5,456,580			48,335,077
Accidental death fund		3,009,086			3,009,086
Total fund balances	4,848,259,698	423,150,855	15,474,584	19,915,503	5,306,800,640
Total liabilities and fund balances	\$ 4,849,282,989	\$ 423,257,711	\$ 15,474,584	\$ 19,915,503	\$ 5,307,930,787

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 1987

	SCRS	PORS	GARS	JSRS	Total
Operating revenues:					
Employee contributions:					
State department employees	\$ 68,879,458	\$ 6,058,040	\$ 309,731	\$ 549,197	\$ 75,796,426
Public school employees	69,698,544				69,698,544
Other political subdivision employees	21,209,127	6,051,613			27,260,740
Employer contributions:					
State department employers	88,797,623	12,868,176	1,367,590	3,018,209	106,051,598
Public school employers	89,778,667				89,778,667
Other political subdivision employers	25,231,566	12,991,009			38,222,575
Supplemental retirement benefits funded by the State	8,206,966	183,742			8,390,708
Investment income	474,080,029	41,175,341	1,441,868	2,018,672	518,715,910
Total operating revenues	845,881,980	79,327,921	3,119,189	5,586,078	933,915,168
Operating expenses:					
Refunds of contributions to members	27,339,649	2,326,142	35,587	2,413	29,703,791
Regular retirement benefits	191,283,416	12,921,491	1,161,194	1,971,847	207,337,948
Supplemental retirement benefits	8,206,966	183,742			8,390,708
Group life insurance payments	6,188,746	864,285	27,200		7,080,231
Accidental death benefits		288,755			288,755
Administrative charges	3,552,832	302,325	11,391	13,676	3,880,224
Total operating expenses	236,571,609	16,886,740	1,235,372	1,987,936	256,681,657
Net income	609,310,371	62,441,181	1,883,817	3,598,142	677,233,511
Fund balances at beginning of year	4,238,949,327	360,709,674	13,590,767	16,317,361	4,629,567,129
Fund balances at end of year	\$ 4,848,259,698	\$ 423,150,855	\$ 15,474,584	\$ 19,915,503	\$ 5,306,800,640

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
SOUTH CAROLINA RETIREMENT SYSTEMS
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 1987

	SORS	PORS	GARS	JSRS	TOTAL
Sources of working capital:					
Operations - net income	\$ 609,310,371	\$ 62,441,181	\$ 1,883,817	\$ 3,598,142	\$ 677,233,511
Net increase in working capital	\$ 609,310,371	\$ 62,441,181	\$ 1,883,817	\$ 3,598,142	\$ 677,233,511

Sources of working capital:
Operations - net income

Net increase in
working capital

Elements of net increase
in working capital:

Cash	\$ 3,003,369	\$ 5,866	\$ (1,761)	\$ (2,006)	\$ 3,005,468
Investments	560,871,632	55,905,987	1,755,854	3,332,961	621,866,434
Deferred yield adjustment	(32,677,055)	(1,632,265)	(170,842)	(4,991)	(34,485,153)
Receivables	79,135,716	8,268,449	300,566	272,178	87,976,909
Accrued expenses	(1,023,291)	(106,856)			(1,130,147)

Net increase in
working capital

	\$ 609,310,371	\$ 62,441,181	\$ 1,883,817	\$ 3,598,142	\$ 677,233,511
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COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
SOUTH CAROLINA RETIREMENT SYSTEM
PENSION TRUST FUND
YEAR ENDED JUNE 30, 1987

	Employee Fund	Employer Fund	Group Life Insurance Fund	Total
Operating revenues:				
Employee contributions:				
State department employees	\$ 68,879,458			\$ 68,879,458
Public school employees	69,698,544			69,698,544
Other political subdivision employees	21,209,127			21,209,127
Employer contributions:				
State department employers		\$ 85,169,809	\$ 3,627,814	88,797,623
Public school employers		86,105,066	3,673,601	89,778,667
Other political subdivision employers		24,209,965	1,021,601	25,231,566
Supplemental retirement benefits funded by the State		8,206,966		8,206,966
Investment income		469,906,468	4,173,561	474,080,029
Total operating revenues	<u>159,787,129</u>	<u>673,598,274</u>	<u>12,496,577</u>	<u>845,881,980</u>
Operating expenses:				
Refunds of contributions to members	27,339,649			27,339,649
Regular retirement benefits		191,283,416		191,283,416
Supplemental retirement benefits		8,206,966		8,206,966
Group life insurance payments			6,188,746	6,188,746
Administrative charges		3,552,832		3,552,832
Total operating expenses	<u>27,339,649</u>	<u>203,043,214</u>	<u>6,188,746</u>	<u>236,571,609</u>
Interfund transfers according to statutory requirements:				
Contributions by members at retirement	(48,968,820)	48,968,820		
Interest credited to members' accounts	63,121,458	(63,121,458)		
Net interfund transfers	<u>14,152,638</u>	<u>(14,152,638)</u>		
Net income	<u>146,600,118</u>	<u>456,402,422</u>	<u>6,307,831</u>	<u>609,310,371</u>
Fund balances at beginning of year	<u>1,114,708,721</u>	<u>3,087,669,940</u>	<u>36,570,666</u>	<u>4,238,949,327</u>
Fund balances at end of year	<u>\$1,261,308,839</u>	<u>\$ 3,544,072,362</u>	<u>\$42,878,497</u>	<u>\$4,848,259,698</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM
PENSION TRUST FUND
YEAR ENDED JUNE 30, 1987

	Employee Fund	Employer Fund	Group Life Insurance Fund	Accidental Death Fund	Total
Operating revenues:					
Employee contributions:					
State department employees	\$ 6,058,040				\$ 6,058,040
Other political subdivisions employees	6,051,613				6,051,613
Employer contributions:					
State department employers		\$12,164,187	\$ 469,326	\$ 234,663	12,868,176
Other political subdivision employers		12,366,402	408,947	215,660	12,991,009
Supplemental retirement benefits funded by the State		183,742			183,742
Investment income		40,325,811	557,730	291,800	41,175,341
Total operating revenues	<u>12,109,653</u>	<u>65,040,142</u>	<u>1,436,003</u>	<u>742,123</u>	<u>79,327,921</u>
Operating expenses:					
Refunds of contributions to members	2,326,142				2,326,142
Regular retirement benefits		12,921,491			12,921,491
Supplemental retirement benefits		183,742			183,742
Group life insurance payments			864,285		864,285
Accidental death benefits				288,755	288,755
Administrative charges		302,325			302,325
Total operating expenses	<u>2,326,142</u>	<u>13,407,558</u>	<u>864,285</u>	<u>288,755</u>	<u>16,886,740</u>
Interfund transfers according to statutory requirements:					
Contributions by members at retirement	(3,424,644)	3,424,644			
Interest credited to members' accounts	3,788,564	(3,788,564)			
Net Interfund transfers	<u>363,920</u>	<u>(363,920)</u>			
Net income	10,147,431	51,268,664	571,718	453,368	62,441,181
Fund balances at beginning of year	67,079,916	286,189,178	4,884,862	2,555,718	360,709,674
Fund balances at end of year	<u>\$77,227,347</u>	<u>\$337,457,842</u>	<u>\$5,456,580</u>	<u>\$3,009,086</u>	<u>\$423,150,855</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
GENERAL ASSEMBLY RETIREMENT SYSTEM
PENSION TRUST FUND
YEAR ENDED JUNE 30, 1987

	Employee Fund	Employer Fund	Total
Operating revenues:			
Employee contributions	\$ 309,731	\$ 1,367,590	\$ 309,731
Employer contributions		1,441,868	1,367,590
Investment income		2,809,458	1,441,868
Total operating revenues	<u>309,731</u>		<u>5,119,189</u>
Operating expenses:			
Refunds of contributions to members	35,587	1,161,194	35,587
Retirement benefits		27,200	1,161,194
Group life insurance payments		11,391	27,200
Administrative charges		1,199,785	11,391
Total operating expenses	<u>35,587</u>		<u>1,235,372</u>
Interfund transfers according to statutory requirements:			
Contributions by members at retirement	(147,868)	147,868	
Interest credited to members' accounts	<u>171,797</u>	<u>(171,797)</u>	
Net interfund transfers	<u>23,929</u>	<u>(23,929)</u>	
Net income	298,073	1,585,744	1,883,817
Fund balances at beginning of year	2,971,721	10,619,046	13,590,767
Fund balances at end of year	<u>\$3,269,794</u>	<u>\$12,204,790</u>	<u>\$15,474,584</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
JUDGES AND SOLICITORS RETIREMENT SYSTEM
PENSION TRUST FUND
YEAR ENDED JUNE 30, 1987

	Employee Fund	Employer Fund	Total
Operating revenues:			
Employee contributions	\$ 549,197		\$ 549,197
Employer contributions		\$3,018,209	3,018,209
Investment income		<u>2,018,672</u>	<u>2,018,672</u>
Total operating revenues	<u>549,197</u>	<u>5,036,881</u>	<u>5,586,078</u>
Operating expenses:			
Refunds of contributions to members	2,413		2,413
Regular retirement benefits		1,971,847	1,971,847
Administrative charges		<u>13,676</u>	<u>13,676</u>
Total operating expenses	<u>2,413</u>	<u>1,985,523</u>	<u>1,987,936</u>
Interfund transfers according to statutory requirements:			
Contributions by members at retirement	(70,834)	70,834	
Interest credited to members' accounts	<u>209,579</u>	<u>(209,579)</u>	
Net Interfund transfers	<u>138,745</u>	<u>(138,745)</u>	
Net Income	685,529	2,912,613	3,598,142
Fund balances at beginning of year	3,527,820	12,789,541	16,317,361
Fund balances at end of year	<u>\$4,213,349</u>	<u>\$15,702,154</u>	<u>\$19,915,503</u>

ACTUARIAL SECTION

**BUCK
CONSULTANTS**

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Atlanta, Georgia 30339 404/955-2488

January 25, 1988

State Budget and Control Board
South Carolina Retirement Systems
Columbia, South Carolina 29211

Gentlemen:

The laws governing the operation of the various Retirement Systems provide that actuarial valuations of the assets and liabilities of the Systems shall be made annually for the South Carolina Retirement System and the Police Officers Retirement System and no less frequently than biennially for the General Assembly Retirement System and the Judges and Solicitors Retirement System. We have submitted the results of the actuarial valuations prepared as of June 30, 1986. In preparing the valuations the actuary relied on data provided by the Systems. While not verifying the data at source, the actuary performed tests for consistency and reasonability.

The financing objective of the Systems is that contribution rates will remain relatively level over time as a percentage of payroll. Contribution rates are developed using the entry age normal cost method. Book value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liabilities that are being amortized by regular annual level dollar contributions within a 30-year period. The assumptions recommended by the actuary are in the aggregate reasonably related to the experience under the Systems and to reasonable expectations of anticipated experience under the Systems. The following schedules present summaries of the principal results of the valuations prepared as of June 30, 1986 and the actuarial methods and assumptions used to prepare the valuations.

In our opinion the Systems are operating on an actuarially sound basis. Assuming that contributions to the Systems are made by the employers from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement funds to provide the benefits called for under the Systems may be safely anticipated.

Sincerely yours,



Donald M. Overholser
Consulting Actuary

DMO:lt

SOUTH CAROLINA RETIREMENT SYSTEM
RESULTS OF THE VALUATION AS OF JUNE 30, 1986
(All dollar amounts are in thousands)

(1)	Actuarial liabilities	
	Present value of prospective benefits payable in respect of:	
	(a) Present retired members and beneficiaries	\$ 1,920,109
	(b) Present active and inactive members	<u>6,152,918</u>
	(c) Total actuarial liabilities	\$ 8,073,027
(2)	Assets of the System	<u>4,202,379</u>
(3)	Present value of future contributions = (1)(c) - (2)	\$ 3,870,648
(4)	Present value of future contributions by members	<u>1,850,530</u>
(5)	Present value of future contributions by employers = (3) - (4)	\$ 2,020,118
(6)	Present values of 1 per cent of future compensation	
	(a) Class One Service	\$ 2,563
	(b) Class Two Service: State	282,334
	(c) Class Two Service: Others	<u>41,496</u>
(7)	Present value of future normal contributions by employers at	
	(a) $2.32\% = (6)(a) \times 2.32$	\$ 5,946
	(b) $3.74\% = (6)(b) \times 3.74$	1,055,929
	(c) $3.19\% = (6)(c) \times 3.19$	<u>132,372</u>
	(d) Total	\$ 1,194,247
(8)	Present value of unfunded accrued liability contributions by employers = (5) - (7) (d)	\$ 825,871
(9)	Unfunded accrued liability rates	
	(a) Class One Service	1.38%
	(b) Class Two Service: State	3.26
	(c) Class Two Service: Others	<u>2.96</u>
(10)	Unfunded accrued liability liquidation period	17 years
(11)	Pre-retirement death benefit contribution rate	.30%

POLICE OFFICERS RETIREMENT SYSTEM
RESULTS OF THE VALUATION AS OF JUNE 30, 1986

(1)	Actuarial liabilities	
	Present value of prospective benefits payable in respect of:	
	(a) Present retired members and beneficiaries	\$ 123,394,029
	(b) Present active and inactive members	<u>528,374,570</u>
	(c) Total actuarial liabilities	\$ 651,768,599
(2)	Assets of the System	<u>353,269,094</u>
(3)	Present value of future contributions = (1)(c) - (2)	\$ 298,499,505
(4)	Present value of future contributions by members	<u>126,136,144</u>
(5)	Present value of future contributions by employers = (3) - (4)	\$ 172,363,361
(6)	Present value of 1 per cent of future compensation:	
	(a) Class One Service	\$ 54,798
	(b) Class Two Service	25,193,633
(7)	Present value of future normal contributions by employers at:	
	(a) 4.59% = (6)(a) x 4.59	\$ 251,523
	(b) 6.19% = (6)(b) x 6.19	<u>155,948,588</u>
	(c) Total	\$ 156,200,111
(8)	Present value of unfunded accrued liability contributions by employers = (5) - (7)(c)	\$ 16,163,250
(9)	Unfunded accrued liability rates:	
	(a) Class One Service	3.21%
	(b) Class Two Service	4.11%
(10)	Unfunded accrued liability liquidation period	2 years
(11)	Pre-retirement death benefit contribution rate	.40%
(12)	Accidental death benefit contribution rate	.20%

GENERAL ASSEMBLY RETIREMENT SYSTEM
RESULTS OF THE VALUATION AS OF JUNE 30, 1986

(1)	Actuarial Liabilities	
	Present value of prospective benefits payable in respect of:	
	(a) Present beneficiaries and contingent beneficiaries	\$ 9,704,189
	(b) Present active, inactive and special members	<u>21,172,841</u>
	(c) Total actuarial liabilities	\$ 30,877,030
(2)	Assets of the System	<u>13,590,767</u>
(3)	Present value of future contributions = (1) (c) - (2)	\$ 17,286,263
(4)	Present value of future contributions by members	<u>2,832,750</u>
(5)	Present value of future contributions by the State = (3) - (4)	\$ 14,453,513
(6)	Present value of 1 per cent of future compensation	\$ 283,275
(7)	Present value of future normal contributions by the State at 23.20% = (6) x 23.20	\$ 6,571,980
(8)	Present value of unfunded accrued liability contributions by the State = (5) - (7)	\$ 7,881,533
(9)	Unfunded accrued liability liquidation period	20 years
(10)	Annual cost of lump sum death benefit contributions by the State	\$ 4,320

JUDGES AND SOLICITORS RETIREMENT SYSTEM
RESULTS OF THE VALUATION AS OF JUNE 30, 1986

(1)	Actuarial liabilities	
	Present value of prospective benefits payable in respect of:	
(a)	Present beneficiaries and contingent beneficiaries	\$ 26,844,719
(b)	Present active members	<u>47,091,059</u>
(c)	Total actuarial liabilities	\$ 73,935,778
(2)	Assets of the System	<u>16,317,361</u>
(3)	Present value of future contributions = (1) (c) - (2)	\$ 57,618,417
(4)	Present value of future contributions by members	<u>6,314,441</u>
(5)	Present value of future contributions by the State = (3) (4)	\$ 51,303,976
(6)	Present value of 1 per cent of future compensation	\$ 902,063
(7)	Present value of future normal contributions by the State at 20.62% = (6) x 20.62	\$ 18,600,539
(8)	Present value of unfunded accrued liability contributions by the State = (5) - (7)	\$ 32,703,437
(9)	Unfunded accrued liability liquidation period	30 years

**SOUTH CAROLINA RETIREMENT SYSTEM
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

INTEREST RATE: 7% per annum, compounded annually.

SEPARATIONS FROM SERVICE AND SALARY INCREASES: Representative values of the assumed annual rates of separation and annual rates of salary increase are as follows:

Annual Rates of								
Age	<u>With- drawal</u>	<u>Death</u>	<u>Dis- ability</u>	<u>Service Retire- ment</u>	<u>With- drawal</u>	<u>Death</u>	<u>Dis- ability</u>	<u>Service Retire- ment</u>
Men Teachers				Women Teachers				
20	11.11%	.04%	.01%		13.79%	.03%	.02%	
25	9.97	.05	.01		12.83	.03	.03	
30	7.91	.08	.02		9.12	.04	.04	
35	6.06	.12	.03		5.61	.06	.04	
40	4.67	.18	.06		3.43	.08	.07	
45	3.67	.25	.11		2.33	.13	.12	
50	2.83	.35	.20	4.00%	1.74	.20	.20	4.00%
55	2.03	.50	.34	5.50	1.18	.29	.35	6.00
60		.70	.59	7.50		.45	.61	8.00
64		.92	.94	20.00		.66	.82	35.00

Age	<u>With- drawal</u>	<u>Death</u>	<u>Dis- ability</u>	<u>Service Retire- ment</u>	<u>Salary Increase</u>
Employees				Teachers and Employees	
20	11.11%	.07%	.04%		11.31%
25	9.97	.09	.04		10.40
30	7.91	.11	.06		9.00
35	6.06	.14	.08		7.30
40	4.67	.18	.10		6.51
45	3.67	.28	.15		6.10
50	2.83	.46	.25	2.00%	5.80
55	2.03	.75	.40	3.50	5.60
60		1.08	.61	5.00	5.40
65		1.36	.85	17.50	5.30

DEATH AFTER RETIREMENT: Combined Annuity Mortality Tables, Modified and Makehamized, for service retirement and dependent beneficiaries with a 2 year setback in ages for men employees, a 3 year setback for women employees, men teachers and men dependents and a 4 year setback for women teachers and women dependents. A special mortality table is used for disability retirements.

LOADING OR CONTINGENCY RESERVES: None

VALUATION METHOD: Projected benefit with level percentage entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability. Lump sum death benefits are provided on a one-year term cost basis.

ASSETS VALUATION METHOD: Adjusted amortized cost.

**POLICE OFFICERS RETIREMENT SYSTEM
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

INTEREST RATE: 7% per annum, compounded annually.

SEPARATION FROM SERVICE AND SALARY INCREASES: Representative values of the adopted annual rates of separation and annual rates of salary increases are as follows:

Annual Rate of					
<u>Age</u>	<u>Withdrawal</u>	<u>Death</u>	<u>Disability</u>	<u>Service Retirement*</u>	<u>Salary Increases**</u>
20	13.79%	.10%	.14%		11.29%
25	12.83	.13	.16		10.39
30	9.12	.16	.20		9.01
35	5.61	.20	.26		7.29
40	3.43	.27	.34		6.50
45	2.33	.40	.50		6.10
50	1.74	.57	.84		5.80
55		.88		6.50%	5.60
60		1.42		9.90	5.40
64		2.03		15.98	5.30

DEATH AFTER RETIREMENT: Combined Annuity Mortality Tables, Modified and Makehamized, for service retirement and dependent beneficiaries with a one-year setback in ages. A special mortality table is used for disability retirements.

LOADING OR CONTINGENCY RESERVES:

*A loading was included to cover additional liabilities on the basis of an expected increase in the rates of service retirement in conjunction with the improved benefits under the average final compensation formula.

**Reserves were included to provide for an annual inflation factor of 5 per cent in the flat benefit formula.

VALUATION METHOD: Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability. Lump sum death benefits are provided on one-year term cost basis.

ASSET VALUATION METHOD: Adjusted amortized cost.

**GENERAL ASSEMBLY RETIREMENT SYSTEM
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

INTEREST RATE: 7% per annum, compounded annually.

SEPARATION FROM SERVICE: Representative values of the adopted annual rates of separation are as follows:

Annual Rate of					
Age	Death		Disability		Service Retirement
	Male	Female	Male	Female	
20	.04%	.03%	.01%	.02%	
25	.05	.03	.01	.03	
30	.08	.04	.02	.04	
35	.12	.06	.03	.04	
40	.18	.08	.06	.07	
45	.25	.13	.11	.12	
50	.35	.20	.20	.20	
55	.50	.29	.34	.35	
60					100%

SALARY INCREASES: Salaries are assumed to increase at an annual rate of 5.0 per cent.

MEMBER CONTRIBUTIONS: Member contributions are assumed to increase at an annual rate of 5.0 per cent.

DEATH AFTER RETIREMENT: Combined Annuity Mortality Tables, Modified and Makehamized, for service retirement and dependent beneficiaries with a 3 year setback in ages for male members with a 3 year setback for female members. A special mortality table is used for disability retirements.

SPOUSES: 100% of active and special members were assumed married with the wife four years younger.

LOADING OR CONTINGENCY RESERVES: None.

VALUATION METHOD: Projected benefit method with entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the unfunded accrued liability. Lump sum death benefits are provided on a one-year term cost basis.

**JUDGES AND SOLICITORS RETIREMENT SYSTEM
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHOD**

VALUATION INTEREST RATE: 7% per annum, compounded annually.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal, disability, and death are as follows:

<u>Age</u>	<u>Withdrawal*</u>	<u>Disability</u>	<u>Annual Rates of</u>	
			<u>Male</u>	<u>Death Female</u>
25	.05%	.05%	.09%	.05%
30	.05	.06	.11	.05
35	.05	.07	.14	.09
40	.05	.10	.18	.11
45	.05	.15	.28	.17
50	.05	.25	.46	.25
55	.05	.44	.75	.36
60	.05	.82	1.44	.53
65	.05	2.10	3.30	.83
69		5.20	4.50	1.28

*Solicitors only.

NORMAL RETIREMENT AGE: Judges are assumed to retire at age 68. Solicitors are assumed to retire at the age at which they are first eligible for a service retirement benefit.

SALARY INCREASE RATE: 6% per annum, compounded annually.

DEATHS AFTER RETIREMENT: Combined Annuity Mortality Tables, Modified and Makehamized, for service retirement and dependent beneficiaries with a 3 year setback in ages for male members and a 4 year setback for female members. A special mortality table is used for disability retirements.

SPOUSES: 95% of active members were assumed married with the spouse four years younger.

LOADING OR CONTINGENCY RESERVES: None.

VALUATION METHOD: Projected benefit method with entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the unfunded accrued liability. Lump sum death benefits are provided on a one-year term cost basis.

SOUTH CAROLINA RETIREMENT SYSTEM
THE NUMBER AND EARNABLE COMPENSATION OF ACTIVE MEMBERS
AS OF JUNE 30, 1986

<u>GROUP</u>	<u>MEN</u>	<u>WOMEN</u>	<u>TOTAL</u>
<u>EMPLOYEES</u>			
Number	40,106	44,780	84,886
Earnable Compensation (\$1,000's) \$	825,435	\$ 703,005	\$ 1,528,440
<u>TEACHERS</u>			
Number	12,895	51,756	64,651
Earnable Compensation (\$1,000's) \$	275,550	\$ 830,453	\$ 1,106,003
<u>TOTAL</u>			
Number	53,001	96,536	149,537
Earnable Compensation (\$1,000's) \$	1,100,985	\$ 1,533,458	\$ 2,634,443

NOTE: There are in addition 79,141 inactive members, 8,709 active members not on the payroll as of the valuation date, and 485 members with insufficient information. The results of the valuation were adjusted to take these members into account.

POLICE OFFICERS RETIREMENT SYSTEM
THE NUMBER AND EARNABLE COMPENSATION OF ACTIVE MEMBERS
AS OF JUNE 30, 1986

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	10,433	\$ 181,360,922
Women	1,672	23,043,704
Total	12,105	\$ 204,404,626

NOTE: There are in addition 3,704 members not on the payroll as of June 30, 1987 but included in the individual accounts maintained by the System. The results of the valuation were adjusted to take these members into account.

**ACTIVE MEMBERSHIP OF THE RETIREMENT SYSTEM
FOR MEMBERS OF THE GENERAL ASSEMBLY OF
THE STATE OF SOUTH CAROLINA
AS OF JUNE 30, 1986**

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	188	\$ 2,556,800
Women	<u>13</u>	<u>176,800</u>
Total	201	\$ 2,733,600

Note: There are in addition 98 inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account.

**JUDGES AND SOLICITORS RETIREMENT SYSTEM
NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS INCLUDED IN THE VALUATION
AS OF JUNE 30, 1986**

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	101	\$ 6,941,600
Women	<u>2</u>	<u>131,280</u>
Total	103	\$ 7,072,880

SOUTH CAROLINA RETIREMENT SYSTEM
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF
RETIRED MEMBERS AND BENEFICIARIES ON THE ROLL
AS OF JUNE 30, 1986

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES (\$1,000's)</u>
Service Retirements		
Employees:		
Men	6,490	\$ 39,765
Women	5,081	22,850
Teachers:	2,764	19,891
Men	<u>12,539</u>	<u>69,223</u>
Total	<u>26,874</u>	<u>\$ 151,729</u>
Disability Retirements		
Employees:		
Men	1,287	\$ 5,939
Women	808	3,467
Teachers:		
Men	362	2,065
Women	<u>1,014</u>	<u>5,096</u>
Total	<u>3,471</u>	<u>\$ 16,567</u>
Beneficiaries of Deceased Retired Members and Active Members		
Men	325	\$ 1,175
Women	<u>2,072</u>	<u>7,861</u>
Total	<u>2,397</u>	<u>\$ 9,036</u>
Grand Total	<u><u>32,742</u></u>	<u><u>\$ 177,332</u></u>

**POLICE OFFICERS RETIREMENT SYSTEM
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF
RETIRED MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 1986**

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
Service and Early Retirements:		
Men	1,377	\$ 7,881,768
Women	<u>55</u>	<u>248,948</u>
Total	1,432	\$ 8,130,716
Disability Retirements:		
Men	309	\$ 1,864,219
Women	<u>13</u>	<u>52,050</u>
Total	322	\$ 1,916,269
Beneficiaries of Deceased:		
Men	12	\$ 31,966
Women	<u>279</u>	<u>1,107,446</u>
Total	291	\$ 1,139,412
Grand Total	<u>2,045</u>	\$ <u>11,186,397</u>

**GENERAL ASSEMBLY RETIREMENT SYSTEM
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF
BENEFICIARIES AND CONTINGENT BENEFICIARIES
AS OF JUNE 30, 1986**

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
Beneficiaries:		
Men	88	\$ 980,100
Women	4	15,824
Total	92	\$ 995,924
Contingent Beneficiaries:		
Men	3	\$ 11,357
Women	16	96,428
Total	19	\$ 107,785
Grand Total	111	\$ 1,103,709

**JUDGES AND SOLICITORS RETIREMENT SYSTEM
NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF
BENEFICIARIES AND CONTINGENT BENEFICIARIES
AS OF JUNE 30, 1986**

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
Service Retirements:		
Men	35	\$ 1,532,873
Women	0	0
Total	35	\$ 1,532,873
Disability Retirements:		
Men	2	\$ 92,384
Women	0	0
Total	2	\$ 92,384
Beneficiaries of Deceased Members:		
Men	0	0
Women	17	\$ 267,174
Total	17	\$ 267,174
Grand Total	54	\$ 1,892,431

SUMMARY OF BASIC PROVISIONS

	SCRS	PORS	GRS	JGRS										
1. Membership	Generally all employees are required to participate in the 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.	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 Court of Appeals and Supreme Court are required to participate upon taking office.										
2. Employee Contributions	<table><tr><td>Salary</td><td></td></tr><tr><td>Under</td><td>Over</td></tr><tr><td>\$4800</td><td>\$4800</td></tr><tr><td>Class I</td><td>3% 5%</td></tr><tr><td>Class II</td><td>4% 6%</td></tr></table>	Salary		Under	Over	\$4800	\$4800	Class I	3% 5%	Class II	4% 6%	Class I - \$16 per month. Class II - 5% of salary.	10% of normal compensation.	7% of total salary.
Salary														
Under	Over													
\$4800	\$4800													
Class I	3% 5%													
Class II	4% 6%													
3. Employer Contributions														
Retirement	Class I - 3.75% of salary. Class II - 7.05% of salary for State Departments and Public Schools. 6.15% of salary for all other participating employers.	Class I - 7.8% of salary. 10.3% of salary	Annual lump-sum appropriation.	Annual lump-sum appropriation.										
Group Life Insurance	.3% of salary.	.4% of salary.	Included within annual lump-sum appropriation.	Included within annual lump-sum appropriation.										
Accidental Death Program	N/A	.2% of salary.	N/A	N/A										
4. Vesting Requirements	5 years - entitled to a deferred annuity commencing at age 60.	5 years - entitled to a deferred annuity commencing at age 55.	8 years.	N/A										

	SDRS	PORS	GARS	JSDS
5. Normal Retirement Age	Age 65.	Age 55 with 5 years of service.	Age 60.	Age 72.
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.	Age 60 or 30 years of credited service.	Age 70 with 15 years service, age 65 20 years service, 25 years service regardless of age.
7. Early Retirement	Age 60 with 5% reduction for each year under age 65.	Age 50 with 25 years service, reduced by 5% for each year under age 55.	N/A	N/A
8. Formula for Normal Service Retirement	Class I - 1% of Average Final Compensation up to \$4800 of AFC, plus 1.3% of AFC over \$4800 times years of credited service. Class II - 1.25% of AFC up to \$4800 of AFC, plus 1.65% of AFC over \$4800 times years of credited service.	Class I - \$9 per month for each year of credited service. Class II - 1.75% of AFC times years of credited service.	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.
9. Requirements for Disability Retirement	5 years of credited service.	5 years of credited service.	5 years of credited service.	5 years of credited service.
10. 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.	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.

11. Benefit Options

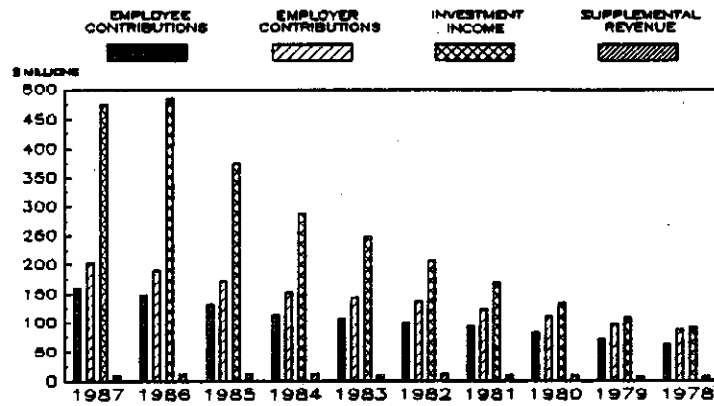
SDRS	PORS	GARS	JPRS
<p>Maximum Benefit Formula benefit as calculated in item 8. Any unrecovered contributions paid upon death.</p> <p>Option 1 Reduced benefit with lump sum payment of accumulated contributions balance reduced by 10% per year during the first ten years of retirement.</p> <p>Option 2 Provides a reduced continued benefit of equal amount to the beneficiary of retiree.</p> <p>Option 3 Provides a continued benefit of 50% of the retiree's annuity payable to the retiree'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>Maximum Benefit Formula benefit as calculated in item 8. Any unrecovered contributions paid upon death.</p> <p>Option 1 Provides a reduced continued benefit of equal amount to the beneficiary of retiree.</p> <p>Option 2 Provides a continued benefit of 50% of the retiree's annuity payable to the retiree's beneficiary.</p> <p>Option 3 Provides inflated benefit until social security payments begin, then annuity reduced to provide approximate level retirement income.</p>	<p>Maximum Benefit Formula benefit as calculated in item 8. Any unrecovered contributions paid upon death.</p> <p>Option 1 Provides a reduced continued benefit of equal amount to the beneficiary of retiree.</p> <p>Option 2 Provides one-half of retired member's benefit to a surviving designated beneficiary.</p>	<p>Maximum Benefit Benefit as calculated in item 8. Continued benefit of one-third of retiree's benefit to a spouse beneficiary upon death of retiree.</p> <p>Option Allowance Provides a reduced retirement allowance to retiree with a continued benefit of one-third of the retiree's allowance to a non-spouse beneficiary.</p>
<p>Revert to Maximum This feature will allow your benefits to be changed to the Maximum Benefit if you select Option 2 or 3 and your beneficiary predeceases you.</p>	<p>Revert to Maximum This feature will allow your benefits to be changed to the Maximum Benefit if you select Option 1 or 2 and your beneficiary predeceases you.</p>	<p>Revert to Maximum This feature will allow your benefits to be changed to the Maximum Benefit if you select Option 1 or 2 and your beneficiary predeceases you.</p>	N/A

	SORS	PDRS	EMRS	JERS
12. Post Retirement Increases	4% per year, provided Consumer Price Index for prior calendar year was 3% or higher.	4% per year, provided Consumer Price Index for prior calendar year was 3% or higher.	As legislated.	N/A
13. Accidental Death Program	N/A	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.	N/A	N/A
14. Group Life Insurance Benefit	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. No service requirement for death resulting from actual performance of duties. Lump sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.	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. No service requirement for death resulting from actual performance of duties. Lump sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.	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. No service requirement for death resulting from actual performance of duties. Lump sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.	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. No service requirement for death resulting from actual performance of duties. Lump sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.
15. Withdrawal of Employee Contributions	Accumulated contributions and credited interest payable within 6 months but not less than 90 days after termination of all covered employment.	Accumulated contributions and credited interest payable within 6 months but not less than 90 days after termination of all covered employment.	Accumulated contributions and credited interest payable within 6 months after termination of all covered employment.	Accumulated contributions and credited interest payable within 6 months after termination of all covered employment.
16. Actuarial Valuation Method	Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability.	Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability.	Projected benefit method with entry age normal cost and open-end unaccrued liability.	Projected benefit method with entry age normal cost and open-end unfunded accrued liability.

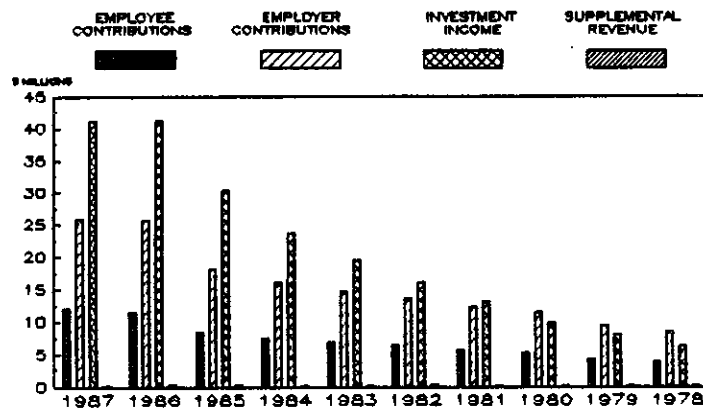
	SCRS	PORS	GMRS	JSRS
17. Interest Rate Assumption	7% per annum, compounded annually.	7% per annum, compounded annually.	7% per annum, compounded annually.	7% per annum, compounded annually.
18. Unfunded Accrued Liability (at 6-30-86)	\$825,871,000	\$16,163,250	\$7,881,533	\$32,703,437
19. Unfunded Accrued Liability Liquidation Period (6-30-86)	17 Years	2 Years	20 Years	30 Years

STATISTICAL SECTION

SOUTH CAROLINA RETIREMENT SYSTEM REVENUE GROWTH



POLICE OFFICERS RETIREMENT SYSTEM REVENUE GROWTH



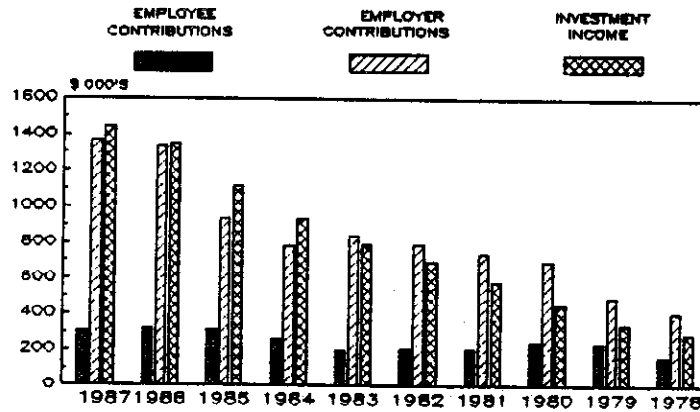
**SOUTH CAROLINA RETIREMENT SYSTEM
REVENUE BY SOURCE**

YEAR ENDED JUNE 30,	EMPLOYEE CONTRIBUTIONS	% OF TOTAL REVENUE	TOTAL EMPLOYER CONTRIBUTIONS	% OF TOTAL REVENUE	INVESTMENT INCOME	% OF TOTAL REVENUE	SUPPLEMENTAL BENEFITS REVENUE	% OF TOTAL REVENUE	TOTAL REVENUE
1987	\$159,787,129	18.9%	\$203,807,856	24.1%	\$474,080,029	56.0%	\$8,206,966	1.0%	\$845,881,980
1986	147,136,085	17.7%	190,353,964	22.9%	483,113,685	58.2%	10,024,135	1.2%	\$830,627,869
1985	131,300,802	19.0%	172,384,069	25.0%	374,165,546	54.3%	11,517,696	1.7%	\$689,368,113
1984	114,357,357	20.3%	151,153,288	26.9%	286,914,292	51.0%	10,135,441	1.8%	\$562,560,378
1983	106,818,858	21.1%	142,507,009	28.2%	247,246,582	48.9%	9,090,680	1.8%	\$505,663,129
1982	100,890,443	22.3%	136,031,102	30.0%	204,824,438	45.2%	11,007,651	2.4%	\$452,753,634
1981	92,854,161	23.5%	123,376,695	31.3%	168,736,224	42.8%	9,447,144	2.4%	\$394,414,224
1980	82,024,561	24.5%	110,642,424	33.0%	134,051,802	40.0%	8,123,331	2.5%	\$334,842,118
1979	71,003,693	25.0%	97,268,653	34.3%	108,852,848	38.3%	6,915,186	2.4%	\$284,040,380
1978	63,043,933	25.4%	87,021,874	35.1%	91,474,148	36.9%	6,397,326	2.6%	\$247,937,281

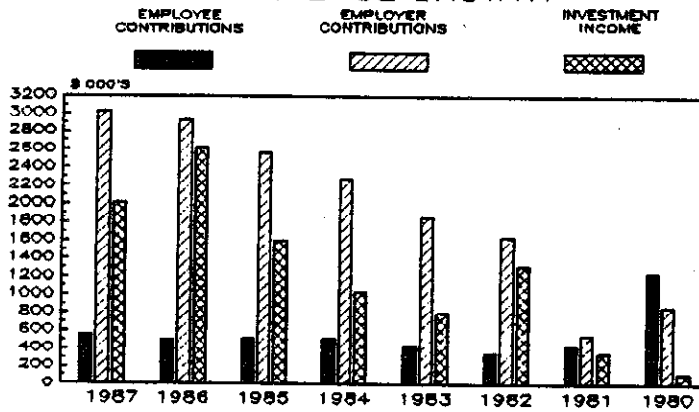
**POLICE OFFICERS RETIREMENT SYSTEM
REVENUE BY SOURCE**

YEAR ENDED JUNE 30,	EMPLOYEE CONTRIBUTIONS.	% OF TOTAL REVENUE	TOTAL EMPLOYER CONTRIBUTIONS	% OF TOTAL REVENUE	INVESTMENT INCOME	% OF TOTAL REVENUE	SUPPLEMENTAL BENEFITS REVENUE	% OF TOTAL REVENUE	TOTAL REVENUE
1987	\$12,109,653	15.3%	\$25,859,185	32.6%	\$41,175,341	51.9%	\$183,742	0.2%	\$79,327,921
1986	11,427,436	14.5%	25,767,660	32.8%	41,107,961	52.3%	288,135	0.4%	78,591,192
1985	8,350,801	14.7%	17,979,827	31.5%	30,314,963	53.2%	362,558	0.6%	57,008,149
1984	7,450,803	15.6%	16,099,062	33.9%	23,695,631	49.9%	271,661	0.6%	47,517,157
1983	6,728,789	16.4%	14,554,031	35.5%	19,523,578	47.6%	206,718	0.5%	41,013,116
1982	6,314,772	17.4%	13,603,000	37.5%	16,015,790	44.2%	311,106	0.9%	36,244,668
1981	5,567,740	17.8%	12,156,810	38.9%	13,311,197	42.6%	231,531	0.7%	31,267,278
1980	5,136,127	19.4%	11,351,584	43.0%	9,772,555	37.0%	170,590	0.6%	26,430,856
1979	4,270,381	19.6%	9,414,232	43.1%	8,035,658	36.8%	119,543	0.5%	21,839,814
1978	3,796,488	20.4%	8,397,291	45.3%	6,221,276	33.5%	141,782	0.8%	18,556,837

GENERAL ASSEMBLY RETIREMENT SYSTEM REVENUE GROWTH



JUDGES & SOLICITORS RETIREMENT SYSTEM REVENUE GROWTH



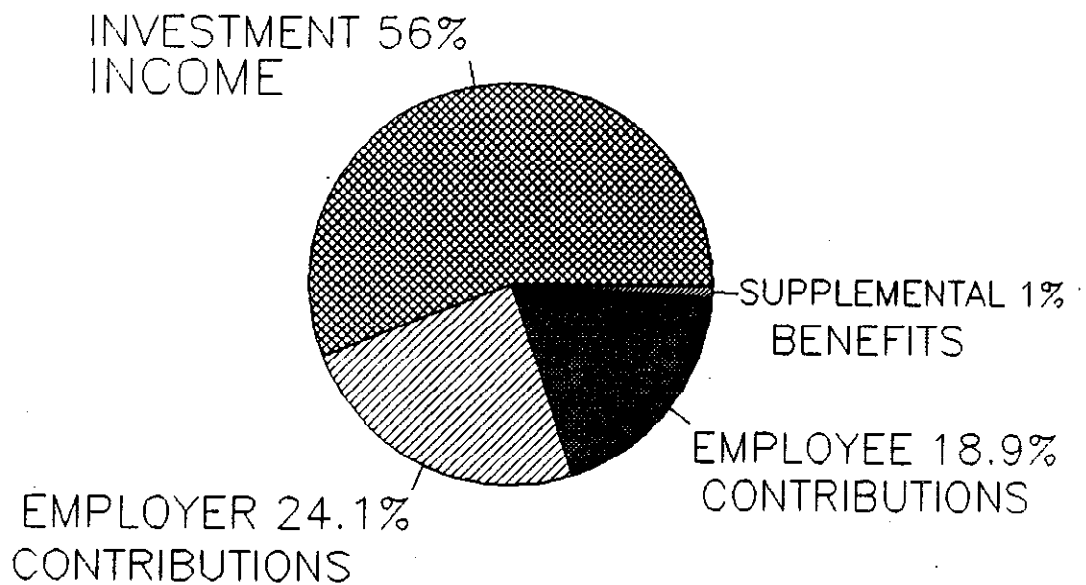
**GENERAL ASSEMBLY RETIREMENT SYSTEM
REVENUE BY SOURCE**

YEAR ENDED JUNE 30,	EMPLOYEE CONTRIBUTIONS	% OF TOTAL REVENUE	TOTAL EMPLOYER CONTRIBUTIONS	% OF TOTAL REVENUE	INVESTMENT INCOME	% OF TOTAL REVENUE	TOTAL REVENUE
1987	\$309,731	9.9%	\$1,367,590	43.9%	\$1,441,868	46.2%	\$3,119,189
1986	323,783	10.8%	1,333,772	44.4%	1,343,976	44.8%	3,001,531
1985	315,410	13.3%	934,290	39.5%	1,114,401	47.2%	2,364,101
1984	262,975	13.3%	784,491	39.6%	934,254	47.1%	1,981,720
1983	198,482	10.9%	840,781	45.9%	791,455	43.2%	1,830,718
1982	202,133	12.0%	789,360	46.7%	697,081	41.3%	1,688,574
1981	205,476	13.4%	741,548	48.6%	579,727	38.0%	1,526,751
1980	238,297	17.1%	696,899	50.2%	453,929	32.7%	1,389,125
1979	234,166	21.9%	492,500	46.2%	340,767	31.9%	1,067,433
1978	160,279	18.7%	410,080	47.8%	288,376	33.5%	858,735

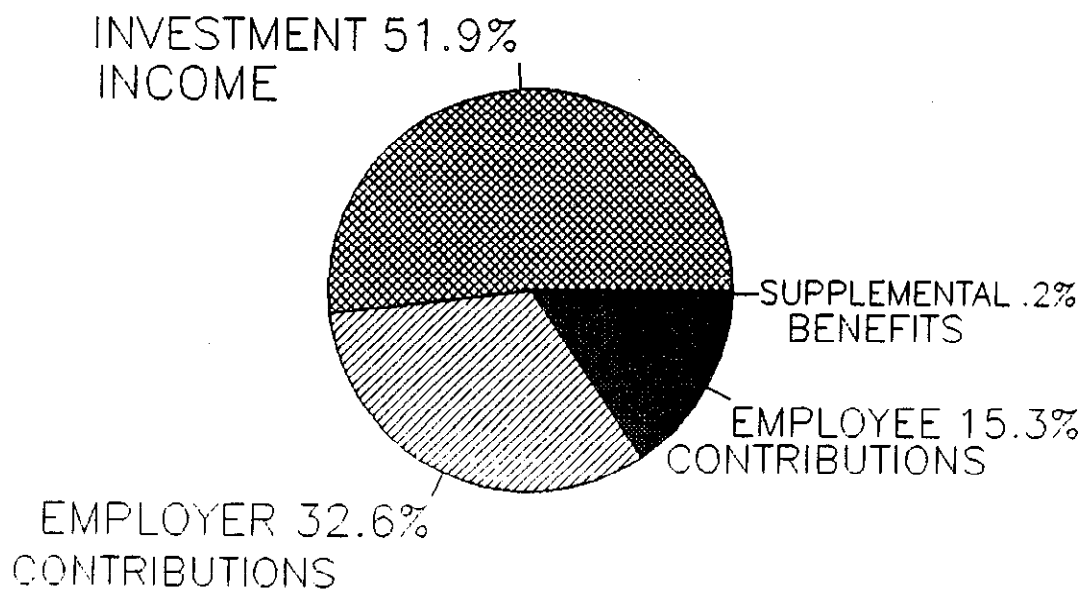
**JUDGES AND SOLICITORS RETIREMENT SYSTEM
REVENUE BY SOURCE**

YEAR ENDED JUNE 30,	EMPLOYEE CONTRIBUTIONS	% OF TOTAL REVENUE	TOTAL EMPLOYER CONTRIBUTIONS	% OF TOTAL REVENUE	INVESTMENT INCOME	% OF TOTAL REVENUE	TOTAL REVENUE
1987	\$549,197	9.8%	\$3,018,209	54.0%	\$2,018,672	36.2%	\$5,586,078
1986	501,426	8.3%	2,924,580	48.3%	2,623,498	43.4%	6,049,504
1985	505,001	10.8%	2,561,450	55.0%	1,592,886	34.2%	4,659,337
1984	507,682	13.3%	2,274,363	59.6%	1,035,337	27.1%	3,817,382
1983	443,791	14.3%	1,858,150	59.9%	800,696	25.8%	3,102,637
1982	357,450	10.8%	1,634,011	49.4%	1,314,525	39.8%	3,305,986
1981	437,678	32.6%	548,117	40.9%	355,311	26.5%	1,341,106
1980	1,251,203	55.8%	874,336	39.0%	115,553	5.2%	2,241,092

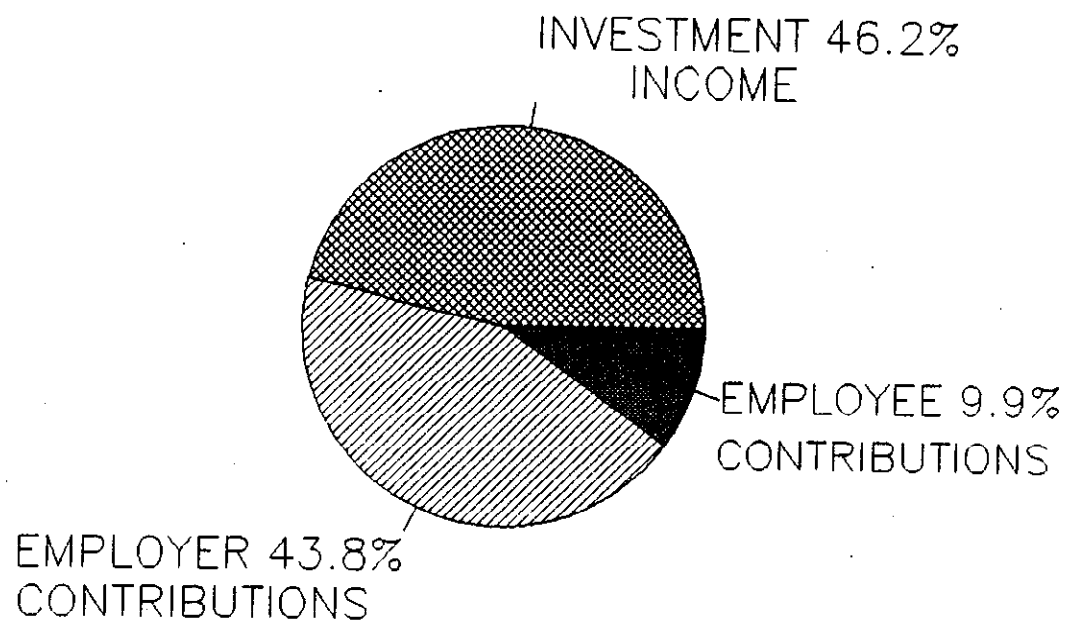
SOUTH CAROLINA RETIREMENT SYSTEM
DISTRIBUTION OF REVENUE
JUNE 30, 1987



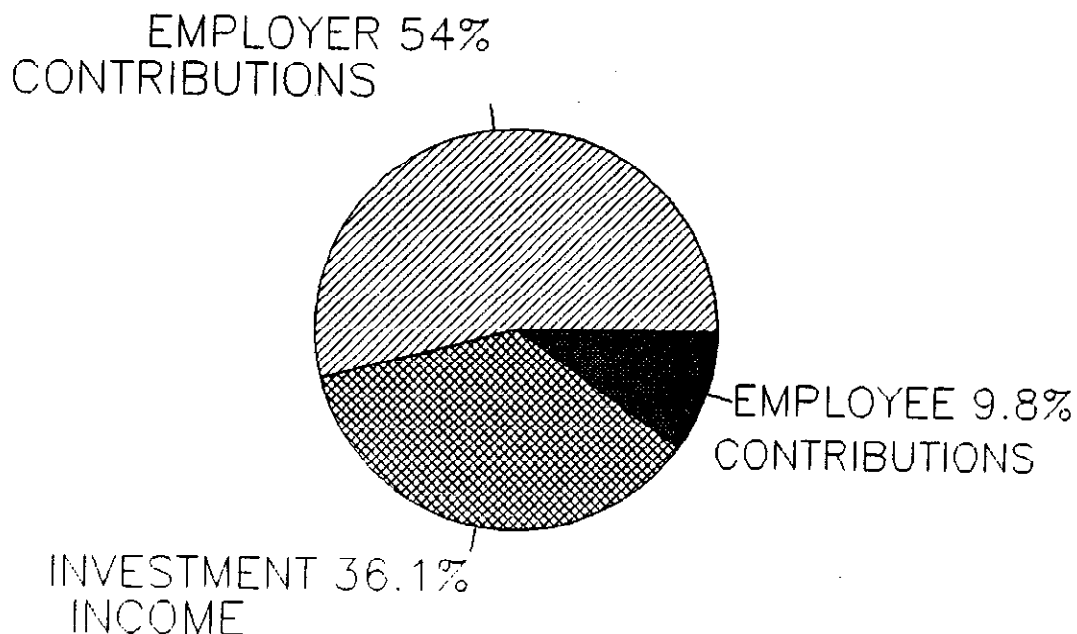
POLICE OFFICERS RETIREMENT SYSTEM
DISTRIBUTION OF REVENUE
JUNE 30, 1987



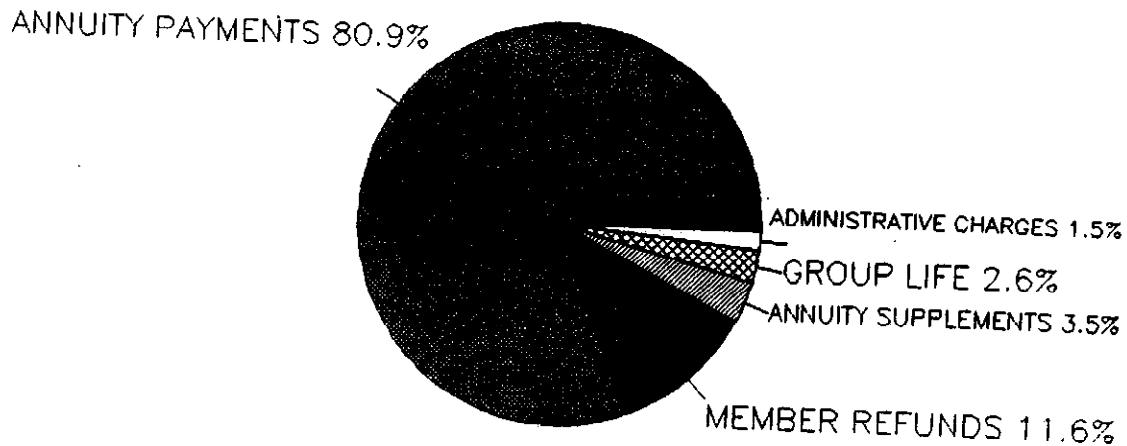
GENERAL ASSEMBLY RETIREMENT SYSTEM
DISTRIBUTION OF REVENUE
JUNE 30, 1987



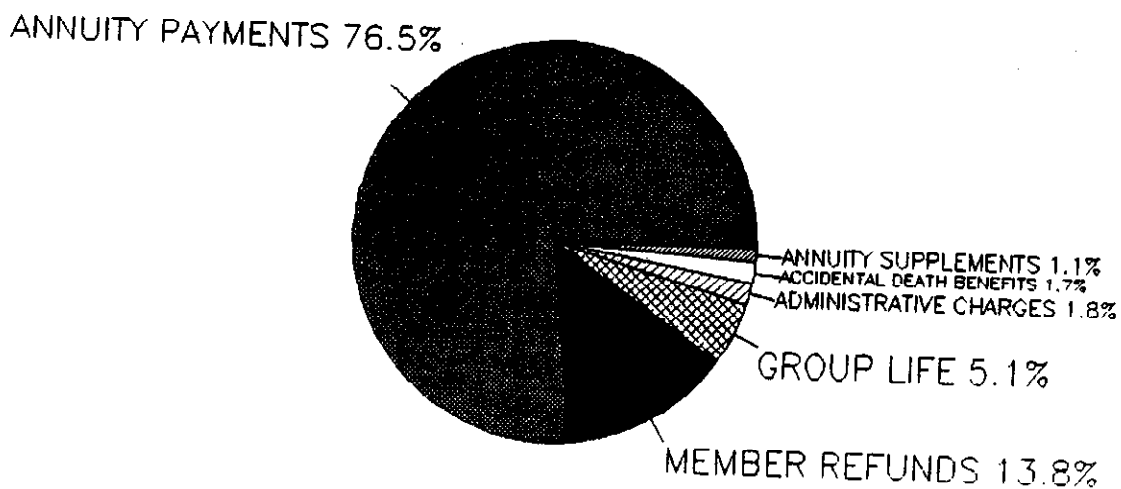
JUDGES & SOLICITORS RETIREMENT SYSTEM
DISTRIBUTION OF REVENUE
JUNE 30, 1987



SOUTH CAROLINA RETIREMENT SYSTEM
DISTRIBUTION OF EXPENSES
JUNE 30, 1987



POLICE OFFICERS RETIREMENT SYSTEM
DISTRIBUTION OF EXPENSES
JUNE 30, 1987



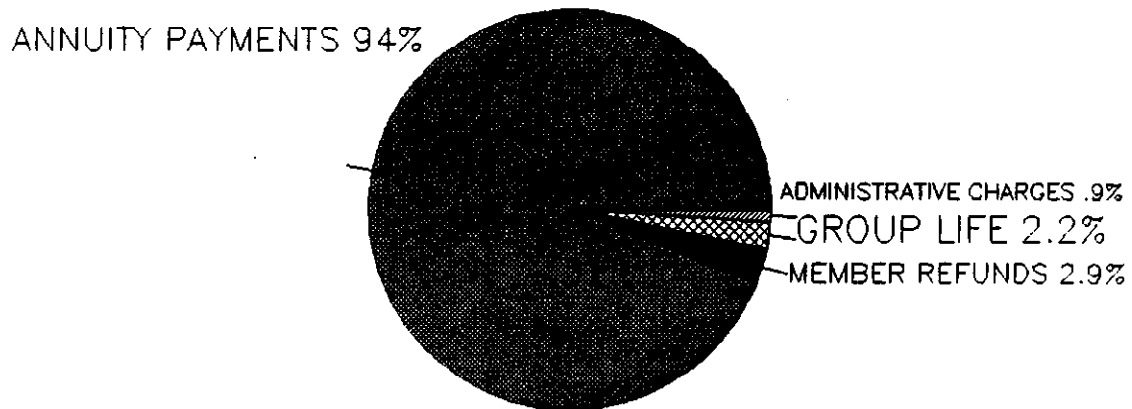
SUMMARY OF EXPENSES BY TYPE
South Carolina Retirement System

YEAR ENDED JUNE 30,	MEMBER REFUNDS		ANNUITY PAYMENTS		GROUP LIFE PAYMENTS		ANNUITY SUPPLEMENTS		ADMINISTRATIVE CHARGES		TOTAL EXPENSES
	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	
1987	\$27,339,649	-3.6%	\$191,283,416	14.8%	\$6,188,746	0.8%	\$8,206,966	-18.1%	\$3,552,832	0.7%	\$236,371,609
1986	28,358,821	7.6%	166,632,173	13.3%	6,139,284	81.6%	10,024,135	-13.0%	3,526,876	30.2%	214,681,289
1985	26,356,158	5.3%	147,039,511	12.3%	3,380,653	-8.0%	11,517,696	13.6%	2,707,974	20.6%	191,001,992
1984	25,022,129	18.4%	130,923,246	14.4%	3,676,039	15.6%	10,135,441	11.3%	2,245,183	-1.2%	172,002,038
1983	21,139,706	-14.5%	114,485,452	14.2%	3,178,733	-14.5%	9,090,680	-17.4%	2,273,348	18.9%	150,167,919
1982	24,732,705	31.3%	100,275,017	15.0%	3,716,227	12.2%	11,007,651	16.5%	1,911,389		141,642,989
1981	18,837,067	8.2%	87,206,355	14.1%	3,313,313	8.5%	9,447,144	16.3%			118,803,879
1980	17,403,607	6.8%	76,429,603	14.7%	3,053,662	8.0%	8,123,331	17.5%			105,010,203
1979	16,294,460	6.9%	66,640,125	14.0%	2,826,971	13.0%	6,915,186	8.1%			92,676,742
1978	15,244,971	25.4%	58,456,468	16.2%	2,502,441	2.9%	6,397,326	12.7%			82,601,206

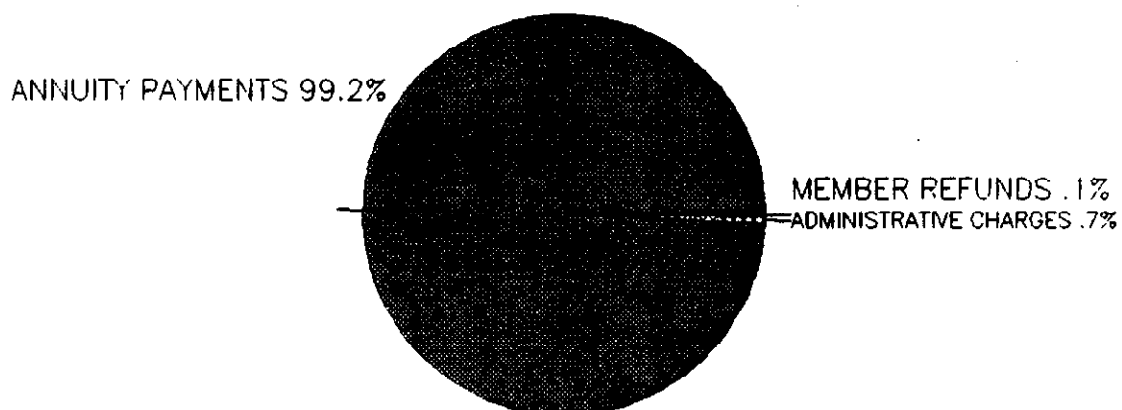
Police Officers Retirement System

YEAR ENDED JUNE 30,	MEMBER REFUNDS		ANNUITY PAYMENT		ACCIDENTAL DEATH BENEFITS		GROUP LIFE PAYMENTS		ANNUITY SUPPLEMENTS		ADMINISTRATIVE CHARGES		TOTAL EXPENSES
	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	AMOUNT	\$ INCREASE	
1987	\$2,326,142	17.3%	\$12,921,491	17.1%	\$288,755	20.8%	\$864,285	49.3%	\$183,742	-36.2%	\$302,325	4.7%	\$16,886,740
1986	1,982,784	1.1%	11,034,570	13.7%	239,108	0.7%	578,802	74.0%	288,135	-20.5%	288,727	32.0%	14,412,126
1985	1,961,273	8.3%	9,707,783	14.5%	237,473	12.0%	332,706	-6.9%	362,598	33.5%	218,718	23.2%	12,820,511
1984	1,810,832	36.8%	8,480,614	17.4%	212,110	13.6%	357,598	2.2%	271,661	31.4%	177,488	7.9%	11,310,243
1983	1,324,175	-7.5%	7,222,965	15.5%	186,656	4.6%	349,811	-18.2%	206,718	-33.6%	164,470	28.5%	9,454,795
1982	1,432,299	22.6%	6,255,737	19.4%	178,429	2.2%	427,731	-5.0%	311,106	34.4%	128,033		8,735,335
1981	1,168,447	6.9%	5,240,569	18.0%	174,638	18.1%	450,109	80.3%	231,531	35.7%			7,265,294
1980	1,093,052	6.3%	4,441,694	17.0%	147,850	22.5%	249,649	2.3%	170,590	42.7%			6,102,835
1979	1,028,224	10.2%	3,797,302	18.3%	120,674	5.7%	243,930	6.3%	119,543	-15.7%			5,309,673
1978	933,193	16.6%	3,209,532	25.2%	114,185	7.1%	229,478	-25.2%	141,782	2.9%			4,627,970

GENERAL ASSEMBLY RETIREMENT SYSTEM
DISTRIBUTION OF EXPENSES
JUNE 30, 1987



JUDGES & SOLICITORS RETIREMENT SYSTEM
DISTRIBUTION OF EXPENSES
JUNE 30, 1987



SUMMARY OF EXPENSES BY TYPE
General Assembly Retirement System

YEAR ENDED JUNE 30,	MEMBER REFUNDS AMOUNT	ANNUITY PAYMENTS AMOUNT	GROUP LIFE PAYMENTS AMOUNT	ADMINISTRATIVE CHARGES AMOUNT	TOTAL EXPENSES
1987	\$35,587	\$1,161,194	\$27,200	\$11,391	\$1,235,372
1986	18,409	1,109,644		11,422	1,139,475
1985	38,739	1,012,837	12,000	9,045	1,072,621
1984	10,948	766,841	24,000	7,608	809,397
1983	61,676	645,365	10,000	7,270	724,311
1982	670	568,997		6,296	575,963
1981	48,240	490,921			539,161
1980	37,799	358,224	20,000		416,023
1979	21,646	284,925			306,571
1978	3,970	209,235			213,205

Judges & Solicitors Retirement System

YEAR ENDED JUNE 30,	MEMBER REFUNDS AMOUNT	ANNUITY PAYMENTS AMOUNT	GROUP LIFE PAYMENTS AMOUNT	ADMINISTRATIVE CHARGES AMOUNT	TOTAL EXPENSES
1987	\$2,413	\$1,971,847		\$13,676	\$1,987,936
1986		1,885,386	\$67,641	11,916	1,964,943
1985		1,580,177	68,807	8,000	1,656,984
1984		1,271,133	54,174	5,538	1,330,845
1983	12,711	1,003,383	50,584	4,199	1,070,877
1982	11,913	860,230	109,528	2,822	984,493
1981	7,439	706,978			714,417
1980	22,429	410,420	44,275		477,124

Summary of Group Life Insurance Program

Year Ended June 30,	State Agencies	Employer Contributions Paid By:			Investment Income	Claims Paid		No. Claims Paid		Average Payment	
		Public Schools	Political Subdivisions	Other		Active Members	Retired Members	Active Members	Retired Members	Active Members	Retired Members
SCRS											
1987	\$3,627,814	\$3,673,601	\$1,021,601	\$4,173,561	\$4,373,746	\$1,815,000	241	916	\$18,148	\$1,981	
1986				5,804,977	4,628,284	1,511,000	254	713	18,222	2,119	
1985	3,126,708	3,079,076	846,773	4,429,835	3,380,653		196		17,248		
1984	2,830,535	2,559,643	788,080	3,269,957	3,676,039		234		15,710		
1983	2,655,413	2,438,039	739,017	2,032,385	3,178,733		224		14,191		
1982	2,619,501	2,301,121	695,690	2,172,379	3,716,227		254		14,631		
1981	2,451,124	2,119,228	632,218	1,441,064	3,313,313		246		13,469		
1980	2,225,480	1,887,136	545,674	954,449	3,053,662		241		12,671		
1979	1,911,425	1,709,270	485,216	540,115	2,826,971		245		11,539		
1978	1,688,838	1,481,426	486,593	282,279	2,502,441		240		10,427		
PORS											
1987	469,326		408,947	557,730	757,285	107,000	36	56	21,036	1,911	
1986	351,087		381,319	619,707	477,802	101,000	23	51	20,774	1,980	
1985	291,339		338,682	479,523	332,706		20		16,635		
1984	253,034		310,291	304,443	357,538		20		17,877		
1983	225,844		280,000	250,475	349,811		24		14,575		
1982	214,185		260,150	324,083	427,731		27		15,842		
1981	197,331		232,243	223,401	450,109		30		15,004		
1980	178,234		203,880	174,852	249,649		21		11,888		
1979	208,870		241,001	105,812	243,930		22		11,088		
1978	181,972		220,429	61,469	229,478		21		10,928		

Contribution Rate Changes:

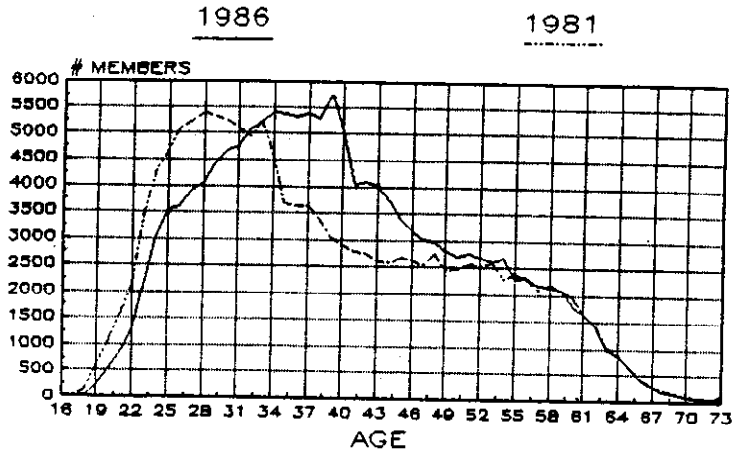
Note: SCRS contributions for FY 85-86 were allocated to the Retirement Cost of Living Fund.

PORS - Rate decreased from .75% to .55% effective 7-1-77.

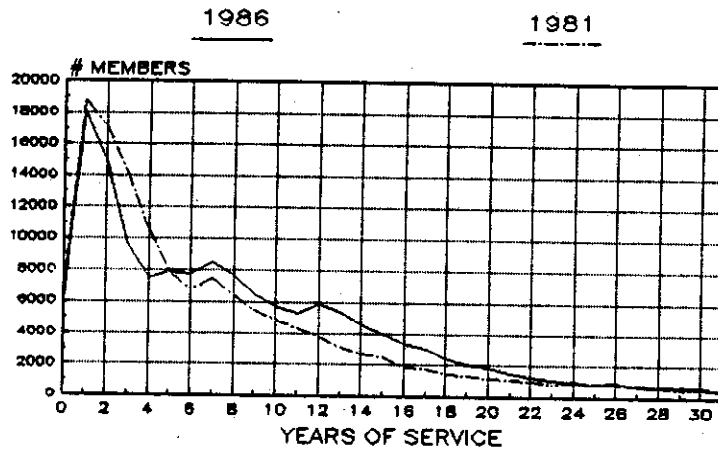
Rate decreased from .55% to .40% effective 7-1-79.

Effective 7-1-85, the Group Life Program began providing limited benefits to retired members.

SOUTH CAROLINA RETIREMENT SYSTEM DISTRIBUTION OF ACTIVE MEMBERS BY AGE



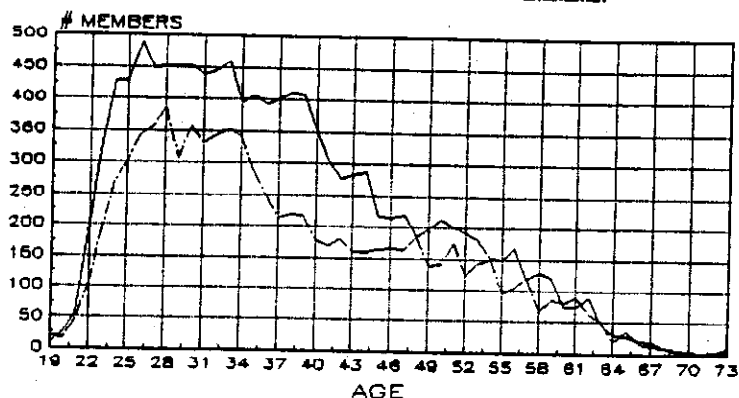
SOUTH CAROLINA RETIREMENT SYSTEM DISTRIBUTION OF ACTIVE MEMBERS BY YEARS OF SERVICE



POLICE OFFICERS RETIREMENT SYSTEM DISTRIBUTION OF ACTIVE MEMBERS BY AGE

1986

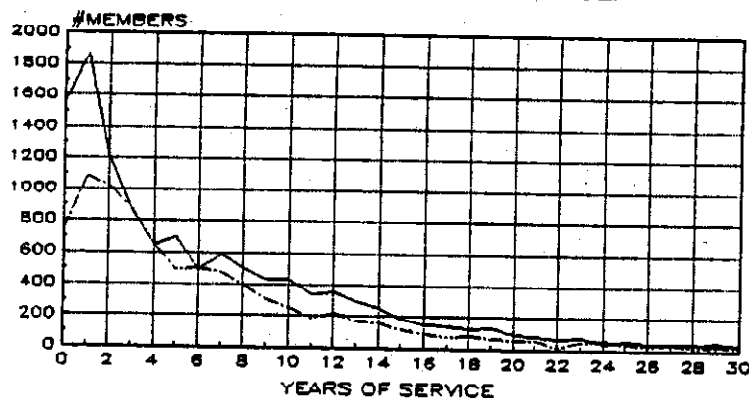
1981



POLICE OFFICERS RETIREMENT SYSTEM DISTRIBUTION OF MEMBERS BY YEARS OF SERVICE

1986

1981



NOTE: Statistics based on information provided in Actuary's Report.
June 30, 1987 information not available at time of publication.

Due to the small population size, graphs for GARS and JSRS are not presented.

South Carolina Retirement System
Distribution of Retiree Population & Average Benefit

	Service Retirees		Disability Retirees		Beneficiaries		Total	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
June 1987								
State Agency	9,666	\$541.68	1,457	\$409.52	1,255	\$356.75	12,378	\$507.38
Public Schools	16,399	517.39	1,171	448.33	716	337.68	18,286	505.94
Other	3,400	333.65	459	364.79	435	241.07	4,294	327.60
Total	29,465	504.16	3,087	417.59	2,406	330.16	34,958	484.54
June 1986								
State Agency	8,939	496.84	1,345	395.02	1,195	344.04	11,479	469.01
Public Schools	15,637	483.53	1,073	431.98	681	327.15	17,391	474.22
Other	3,065	299.57	411	403.11	421	216.54	3,897	296.37
Total	27,641	467.44	2,829	500.30	2,297	315.67	32,767	451.24
June 1985								
State Agency	8,284	462.21	1,223	376.17	1,123	316.04	10,630	463.87
Public Schools	14,967	454.73	974	420.30	643	308.85	16,584	447.05
Other	2,987	287.36	377	342.55	392	208.13	3,756	284.63
Total	26,238	438.04	2,574	387.95	2,158	294.29	30,970	423.86
June 1984								
State Agency	7,777	430.28	997	370.62	1,090	293.99	9,864	409.19
Public Schools	14,488	433.08	811	409.89	632	282.36	15,931	425.92
Other	2,922	269.05	332	337.06	373	197.57	3,627	267.93
Total	25,187	413.18	2,140	380.29	2,095	273.32	29,422	400.83
June 1983								
State Agency	6,794	406.49	1,617	323.78	782	289.07	9,193	381.96
Public Schools	13,403	409.62	1,401	373.21	429	277.82	15,233	402.56
Other	2,629	251.03	565	275.22	275	195.62	3,469	250.57
Total	22,826	390.42	3,583	335.45	1,486	268.53	27,895	376.87

**Police Officers Retirement System
Distribution of Retiree Population & Average Benefit**

	Service Retirees		Disability Retirees		Beneficiaries		Total	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
June 1987	1,592	\$520.94	321	\$530.58	294	\$361.10	2,207	\$501.05
June 1986	1,459	472.28	307	500.30	282	328.30	2,048	456.66
June 1985	1,382	441.23	275	494.60	257	299.33	1,914	429.84
June 1984	1,327	409.52	230	479.64	248	279.90	1,805	400.64
June 1983	1,219	372.40	307	392.03	187	273.34	1,713	365.10

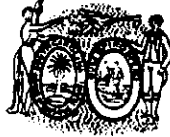
Note: Due to the small population size of the GARS and JSRS presentations for these Systems are not shown.

Statistics generated from initial processing of data and may vary slightly from final information submitted to the Actuary.

INVESTMENT SECTION

OFFICE OF STATE TREASURER

GRADY L. PATTERSON, JR.
TREASURER



P. O. DRAWER 11778

COLUMBIA
29211

January 22, 1988

The Honorable Carroll A. Campbell, Jr.
Members of the General Assembly of
South Carolina

Dear Governor and Members:

As Custodian of Funds for the South Carolina Retirement System, I have the honor of transmitting herewith a report on South Carolina Retirement Systems Investments for Fiscal Year ended June 30, 1987.

Authorized investments for Retirement Funds are identified by statute. The investments are sound and are in fixed income securities only. There are no Retirement Funds invested in equities; thus, dramatic stock market changes would not have an immediate adverse impact on these funds. Retirement Funds are secure and our portfolio is considered one of the most successful State pension fund portfolios in the country. We continue to carefully monitor market changes and review investment alternatives in order to maintain the security of principal, achieve as high a return as possible within prescribed parameters and provide for necessary liquidity.

\$139,000,000 was invested in MGIC mortgage backed securities during Fiscal Year 1986-87. These securities provide not only attractive yields for the Retirement System portfolios, but also financing for South Carolina home owners.

Investment income is a significant source of revenues for the four Retirement Systems. Investment earnings coupled with contributions provide a basis for actuarial computations and pension benefits.

Charts are provided which indicate the distribution of investments for the Retirement Systems. Funds are primarily invested in Governments and Agencies and Utilities and Industrials.

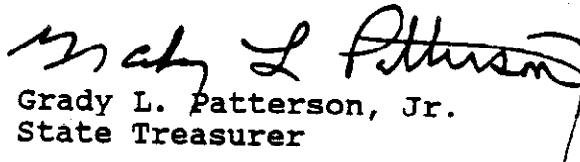
The Honorable Carroll A. Campbell, Jr.
January 22, 1988
Page 2

The Retirement Systems are adequately funded and actuarially sound.

I take great pride in being able to serve as Custodian of Funds for the South Carolina Retirement Systems and in utilizing our various resources to invest these funds in such a way as to secure their availability for the purpose intended.

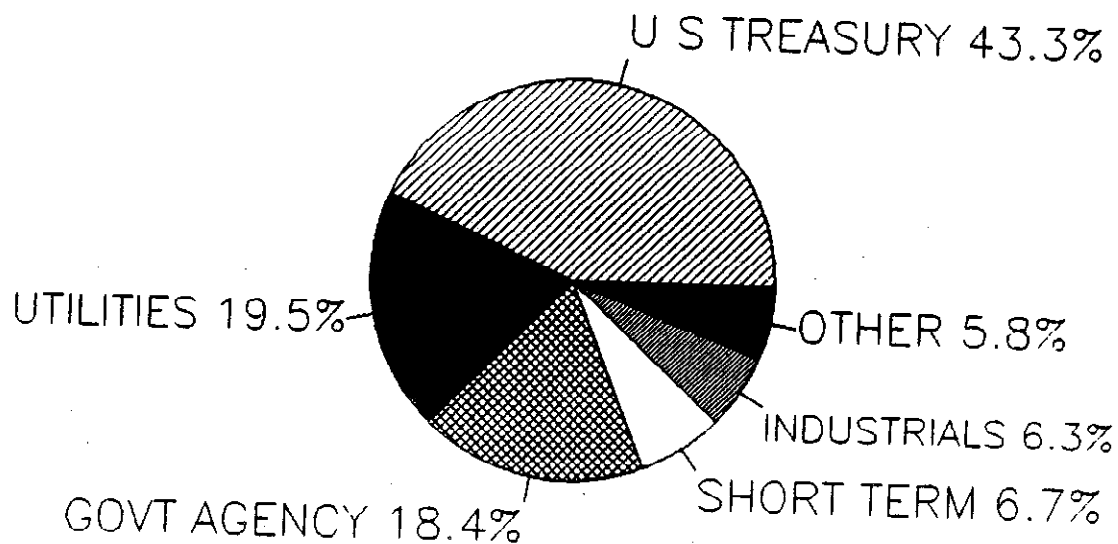
With kindest regards, I am

Very truly yours,

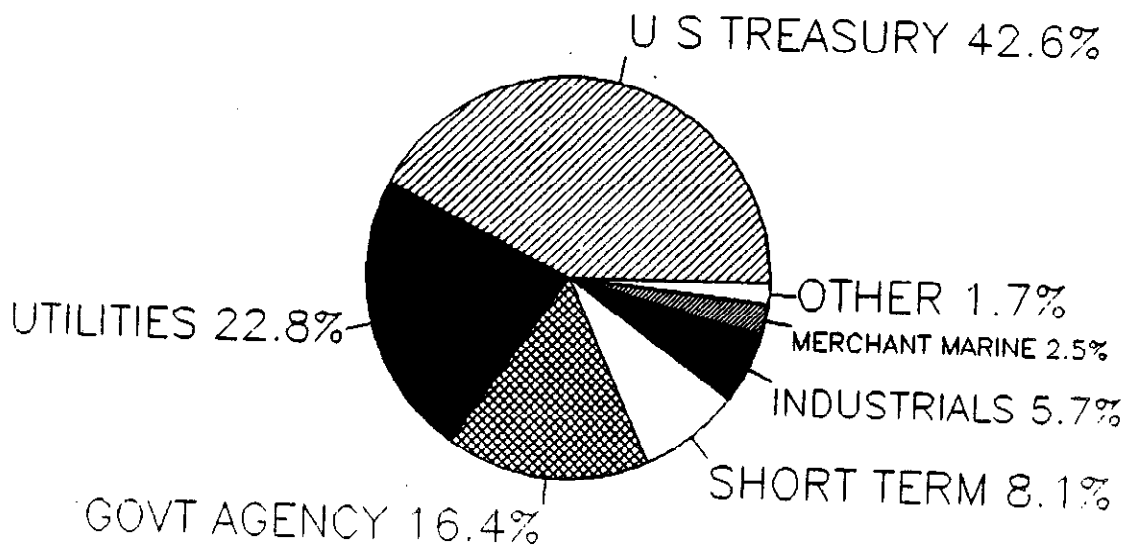

Grady L. Patterson, Jr.
State Treasurer

GLPJr:cp

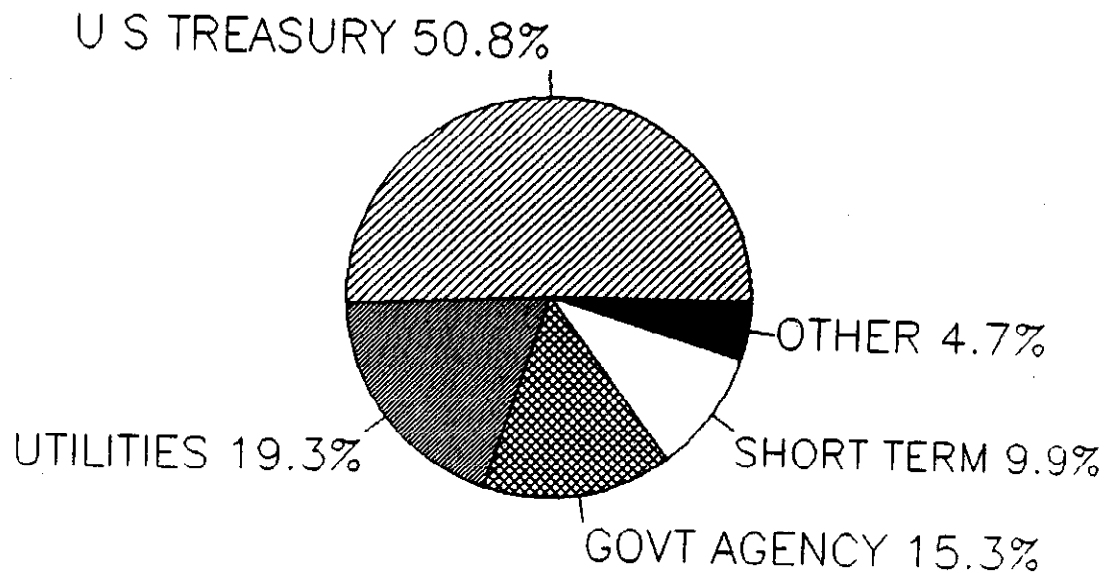
SOUTH CAROLINA RETIREMENT SYSTEM
DISTRIBUTION OF INVESTMENTS
JUNE 30, 1987



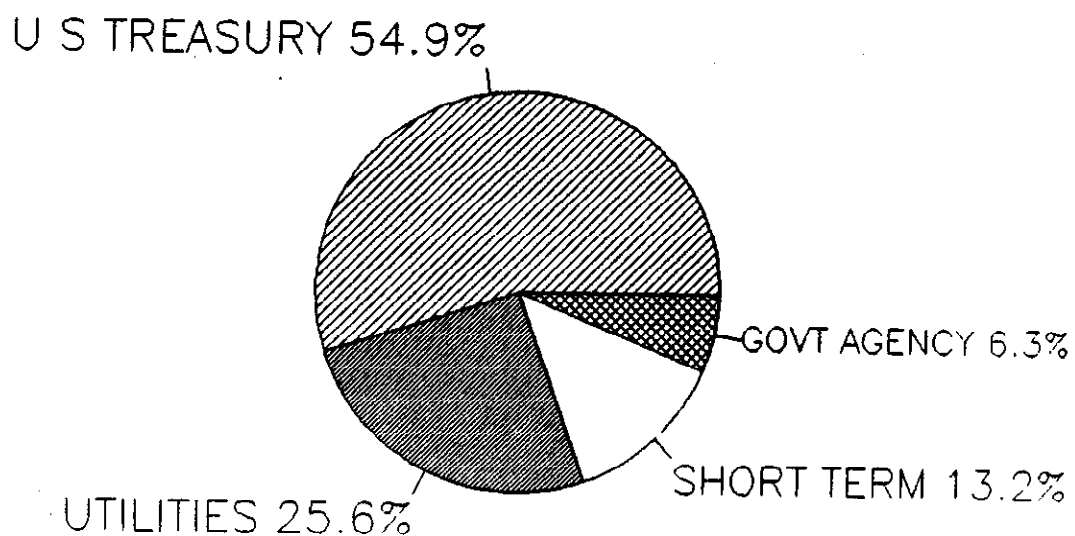
POLICE OFFICERS RETIREMENT SYSTEM
DISTRIBUTION OF INVESTMENTS
JUNE 30, 1987



GENERAL ASSEMBLY RETIREMENT SYSTEM
DISTRIBUTION OF INVESTMENTS
JUNE 30, 1987



JUDGES AND SOLICITORS RETIREMENT SYSTEM
DISTRIBUTION OF INVESTMENTS
JUNE 30, 1987



INVESTMENTS

	June 30, 1987	June 30, 1986	June 30, 1985
	Par Value	Par Value	Par Value
	Amortized Cost	Amortized Cost	Amortized Cost
	% of Total	% of Total	% of Total
Short term investments:			
Repurchase agreements	\$127,410,000	\$119,675,000	\$76,315,000
Treasury bills	25,000,000	151,500,000	98,000,000
Discount notes	154,000,000	139,000,000	10,415,000
	<u>306,410,000</u>	<u>410,175,000</u>	<u>184,730,000</u>
			<u>5,55%</u>
U.S. Government agencies & government insured:			
Treasury notes	212,100,000	247,600,000	108,600,000
Treasury bonds	975,777,000	945,777,000	857,937,000
Treasury bonds (zero coupons)	2,777,341,175	2,145,090,225	1,346,076,625
U.S. Government agencies insured merchant marine bonds	777,284,058	715,027,827	753,122,396
	<u>87,173,784</u>	<u>154,805,718</u>	<u>321,768,042</u>
	<u>4,829,676,017</u>	<u>4,208,300,770</u>	<u>3,387,504,063</u>
			<u>66.24%</u>
			<u>3.89%</u>
			<u>9.72%</u>
			<u>67.06%</u>
State of South Carolina Institutions	1,303,000	1,668,000	2,022,000
			0.06%
Corporate bonds:			
Industrials	390,207,196	245,760,000	246,760,000
Utilities	972,765,000	642,901,000	595,090,000
Rails			405,505
Financial & other	265,439,105	130,373,473	149,961,301
	<u>1,628,411,301</u>	<u>1,019,034,473</u>	<u>992,216,806</u>
			<u>23.59%</u>
			<u>3.22%</u>
			<u>14.61%</u>
			<u>5.77%</u>
			<u>228,955,928</u>
			<u>528,954,911</u>
			<u>405,505</u>
			<u>146,658,805</u>
			<u>904,975,149</u>
			<u>27.34%</u>
			<u>4.43%</u>
			<u>0.01%</u>
			<u>15.98%</u>
			<u>6.92%</u>
Total investments	\$6,765,800,318	\$5,639,178,243	\$4,566,472,869
			<u>100.00%</u>
			<u>100.00%</u>
			<u>100.00%</u>

INVESTMENTS
POLICE OFFICERS RETIREMENT SYSTEM

	June 30, 1987		June 30, 1986		June 30, 1985	
	Par Value	Amortized Cost	% of Total	Par Value	Amortized Cost	% of Total
Short term investments:						
Repurchase agreements	\$12,770,000	\$12,770,000	3.21%	\$18,235,000	\$18,235,000	5.34%
Treasury bills		19,573,071	4.93%	16,027,646	16,027,646	4.70%
Discount notes	20,000,000	52,343,071	8.14%	9,685,588	9,329,647	2.84%
	<u>32,770,000</u>			<u>43,948,234</u>	<u>19,429,647</u>	<u>12.87%</u>
						<u>6.99%</u>
U.S. Government agencies & government insured:						
Treasury notes	40,150,000	40,075,751	10.09%	40,150,000	40,067,565	11.74%
Treasury bonds	84,810,000	80,665,006	20.31%	79,810,000	76,252,571	22.34%
Treasury bonds (zero coupons)	189,116,413	48,660,214	12.25%	172,366,413	45,118,563	13.22%
U.S. Government agencies insured merchant marine bonds	67,673,008	65,265,877	16.43%	59,057,539	55,568,055	16.28%
	<u>10,034,572</u>	<u>10,034,572</u>	<u>2.53%</u>	<u>11,415,505</u>	<u>11,415,505</u>	<u>3.34%</u>
	<u>391,783,993</u>	<u>244,701,420</u>	<u>61.60%</u>	<u>362,799,457</u>	<u>228,422,259</u>	<u>66.92%</u>
						<u>9.24%</u>
						<u>67.12%</u>
Corporate bonds:						
Industrials	24,443,098	22,749,060	5.73%	22,460,000	21,059,738	6.17%
Utilities	99,545,000	90,661,228	22.82%	44,495,000	41,219,085	12.08%
Financial & other	6,800,000	6,802,733	1.71%	6,700,000	6,702,209	1.96%
	<u>130,788,098</u>	<u>120,213,021</u>	<u>30.26%</u>	<u>73,655,000</u>	<u>68,981,032</u>	<u>20.21%</u>
						<u>25.89%</u>
Total Investments	<u>\$555,342,091</u>	<u>\$397,257,512</u>	<u>100.00%</u>	<u>\$481,114,457</u>	<u>\$341,351,525</u>	<u>100.00%</u>
						<u>\$278,135,977</u>
						<u>100.00%</u>

INVESTMENTS
GENERAL ASSEMBLY RETIREMENT SYSTEM

	June 30, 1987		June 30, 1986		June 30, 1985	
	Par Value	Amortized Cost	% of Total	Par Value	Amortized Cost	% of Total
Short term Investments:						
Repurchase agreements	\$1,445,000	\$1,445,000	9.92%	\$435,000	\$435,000	4.03%
Treasury bills	<u>1,445,000</u>	<u>1,445,000</u>	<u>9.92%</u>	<u>1,000,000</u>	<u>993,062</u>	<u>9.21%</u>
				<u>1,435,000</u>	<u>1,428,062</u>	<u>13.24%</u>
U.S. Government agencies & government insured:						
Treasury notes	2,400,000	2,390,571	16.40%	1,250,000	1,248,111	11.57%
Treasury bonds	2,920,000	2,785,635	19.11%	2,420,000	2,297,025	21.29%
Treasury bonds (zero coupons)	6,346,875	2,225,435	15.27%	346,875	69,044	0.64%
U.S. Government agencies insured merchant marine bonds	2,239,093	2,231,718	15.31%	3,241,849	2,974,197	27.57%
	<u>320,103</u>	<u>320,103</u>	<u>2.20%</u>	<u>703,820</u>	<u>703,820</u>	<u>6.52%</u>
	<u>14,226,071</u>	<u>9,953,462</u>	<u>68.30%</u>	<u>7,962,544</u>	<u>7,292,197</u>	<u>67.60%</u>
Corporate bonds:						
Industrials	200,000	159,560	1.09%	500,000	461,156	4.27%
Utilities	3,300,000	2,816,041	19.32%	1,550,000	1,406,319	13.04%
Financial & other	200,000	199,561	1.37%	200,000	199,632	1.85%
	<u>3,700,000</u>	<u>3,175,162</u>	<u>21.79%</u>	<u>2,250,000</u>	<u>2,067,107</u>	<u>19.16%</u>
Total Investments	<u>\$19,371,071</u>	<u>\$14,573,624</u>	<u>100.00%</u>	<u>\$11,647,544</u>	<u>\$10,787,366</u>	<u>100.00%</u>

INVESTMENTS

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**SUMMARY OF INVESTMENT GROWTH
SOUTH CAROLINA RETIREMENT SYSTEM**

YEAR ENDED JUNE 30,	AMORTIZED COST OF INVESTMENTS 000's OMITTED	% INCREASE FOR YEAR	NET INCOME FROM INVESTMENTS 000's OMITTED	% INCREASE FOR YEAR	AVERAGE YIELD
1987	\$4,535,750	14.1%	\$474,080	-1.9%	11.80%
1986	3,974,878	20.1%	483,114	29.1%	14.20%
1985	3,310,515	17.9%	374,166	30.4%	13.03%
1984	2,807,577	15.0%	286,914	16.0%	11.56%
1983	2,441,321	15.5%	247,247	20.7%	11.48%
1982	2,113,453	11.9%	204,824	21.4%	10.79%
1981	1,888,045	12.8%	168,736	25.9%	9.95%
1980	1,673,851	13.4%	134,052	23.1%	8.89%
1979	1,475,873	13.8%	108,853	19.0%	8.17%
1978	1,297,310	14.2%	91,474	16.8%	7.81%

POLICE OFFICERS RETIREMENT SYSTEM

YEAR ENDED JUNE 30,	AMORTIZED COST OF INVESTMENTS 000's OMITTED	% INCREASE FOR YEAR	NET INCOME FROM INVESTMENTS 000's OMITTED	% INCREASE FOR YEAR	AVERAGE YIELD
1987	\$397,258	16.4%	\$41,175	0.2%	11.81%
1986	341,352	22.7%	41,108	35.6%	14.21%
1985	278,136	20.3%	30,315	27.9%	12.65%
1984	231,296	15.7%	23,696	21.4%	11.63%
1983	199,915	17.5%	19,524	21.9%	11.14%
1982	170,208	14.1%	16,016	20.3%	10.56%
1981	149,205	17.9%	13,311	36.2%	10.14%
1980	126,582	16.4%	9,773	21.6%	8.67%
1979	108,736	16.4%	8,036	29.2%	8.28%
1978	93,435	19.1%	6,221	19.7%	7.51%