

South Carolina Public Employee Benefit Authority

South Carolina Retirement Systems

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014
Pension Trust Funds of the State of South Carolina



Communicating with Our Stakeholders

This page contains no other content.

**South Carolina Public Employee Benefit Authority
Retirement Division**

South Carolina Retirement Systems

**Comprehensive
Annual Financial
Report**

Fiscal Year Ended June 30, 2014

Pension Trust Funds of the State of South Carolina

**Fontaine Business Center
202 Arbor Lake Drive
Columbia, South Carolina 29223**

**Peggy G. Boykin, CPA
Executive Director**

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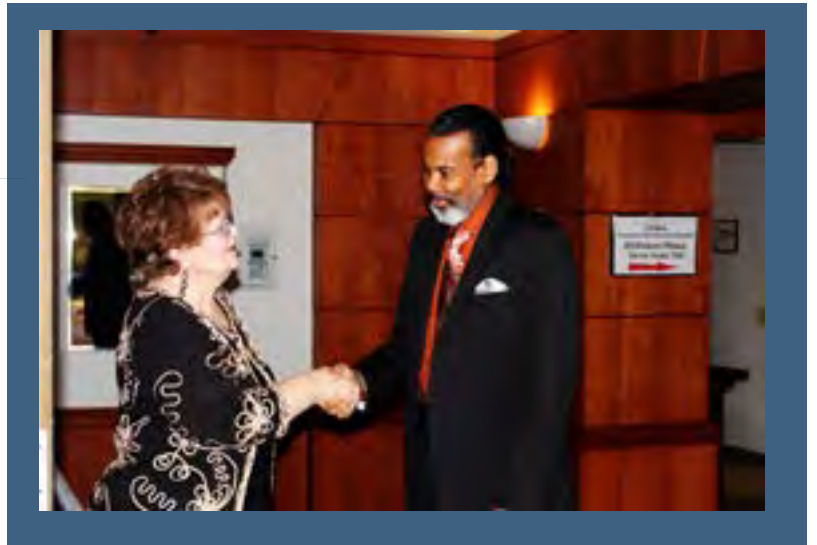
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Introductory Section



Communicating Face-to-Face



Effective communication is critical to any organization and can help the organization in many ways. In fact, communication plays a vital role in virtually every facet of a business's operations.

The South Carolina Public Employee Benefit Authority (PEBA) uses a variety of communication methods to ensure we reach our many customers. One of the most basic and effective ways that we communicate with our stakeholders is face-to-face. Employer training sessions, regional retirement seminars, benefits fairs, and one-on-one meetings with retirement consultants are just a few examples of the face-to-face communication PEBA has with stakeholders. This method of communication provides PEBA with immediate feedback from our stakeholders, more personable interaction, and enables us to develop a rapport and trust with our customers.

Introductory Section



Peggy G. Boykin, CPA
Executive Director

LETTER OF TRANSMITTAL

December 19, 2014

The Honorable Nikki Haley, Governor
State of South Carolina
Members of the S.C. Budget and Control Board
S.C. Public Employee Benefit Authority Board

Ladies and Gentlemen:

We are pleased to present the *Comprehensive Annual Financial Report* (CAFR) of the South Carolina Retirement Systems (Systems) as administered by the South Carolina Public Employee Benefit Authority (PEBA), for the fiscal year ended June 30, 2014. Section 9-1-300 of the South Carolina Code of Laws requires that a report be published annually showing the fiscal transactions of the Systems, and the CAFR fulfills that statutory requirement. PEBA is considered a division of the primary government of the state of South Carolina; and therefore, financial information for the Retirement Systems' trust funds is also included in the CAFR of the state of South Carolina. Responsibility for both the accuracy of the data, and the completeness and reliability of the presentation, including all disclosures, rests with the management of PEBA. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the Systems.

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

Financial transactions of the Systems are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules, with consideration that the cost of internal control should not exceed anticipated benefits. The financial statements presented in this CAFR have been independently audited by CliftonLarsonAllen, LLP, under the direction of the State Auditor's Office. CliftonLarsonAllen issued an unmodified opinion, which means that based upon the financial audit; they concluded that the financial statements were fairly presented in all material respects and are free from material misstatement, in accordance with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, as part of obtaining reasonable assurance about whether the Systems' financial statements are free of material misstatement, CliftonLarsonAllen also considered internal

Introductory Section

controls over financial reporting and compliance with certain provisions of laws, regulations, contracts, and other matters. Although independent auditors cannot guarantee the accuracy of the statements, they do have a reasonable basis for the opinion they rendered. The independent auditor's report is presented as the first component of the financial section of this report. Management's Discussion and Analysis (MD&A), which can also be found in the financial section starting on Page 27, provides a narrative introduction to and analysis of the financial statements. This letter of transmittal is meant to complement the MD&A and should be read in conjunction with it.

Profile of the Systems

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

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

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

Fiscal Year 2014 Highlights

Fiscal Year 2014 ended PEBA's second fiscal year of operations as an agency, having been created effective July 1, 2012, by the South Carolina General Assembly along with legislative retirement reform. The agency is governed by an 11-member Board of Directors. PEBA is responsible for administration of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program, as well as the state's employee insurance programs. The PEBA Board also assumed administrative responsibility for the S.C. Deferred Compensation Program effective January 1, 2014.

Introductory Section

Administrative Activities

PEBA began and ended its second fiscal year as a state agency under the leadership of its Board of Directors and two interim executive directors. PEBA appointed a permanent executive director in July 2014. PEBA's commitment to providing excellent customer service, achieving cost savings and process improvements, and ensuring the most rigorous financial and investment accounting processes and procedures continued. The agency's strategic planning process was reviewed by the Board and senior leaders during the Board's February retreat. An overview of strategic planning and performance excellence and measurement was provided by nationally known Baldrige expert, David McClaskey. PEBA's management team is working closely with the Board to implement an ongoing strategic planning review process that will result in quarterly performance reports to the Board and continual updates to the current plan to reflect closed projects and new initiatives.

In an effort to ensure staffing needs are addressed proactively, agency management developed workforce plans for each major operational function. By strategically assessing future staffing needs in comparison to current staffing, managers are able to develop and implement strategies to address gaps in both staffing levels and skill sets. Employee development and succession planning are two areas on which the agency focused during the fiscal year.

PEBA staff spent significant time providing data for the Cost Effectiveness Measurement, Inc., benchmarking survey, which compares South Carolina's plans and services with those of its peers. PEBA staff review the survey results, which help the agency identify administrative and operational improvements. PEBA staff also participated in a fiduciary audit conducted for its co-fiduciary, the S.C. Retirement System Investment Commission. (PEBA is undergoing its own fiduciary audit, which should be completed and a report available in the first quarter of 2015.)

Public Policy Activities

The last piece of the major retirement system reform that occurred in June 2012 was formalized with the establishment and activation of the medical board required for the review of disability retirement claims for members of PORS. Otherwise, legislative-related activity was limited to annual budget review and authorization and provisos that impacted the agency's insurance programs.

PEBA not only implemented GASB Statement 67, but has also made required information available to participating employers for implementation of GASB Statement 68. PEBA's communication efforts included producing additional resources for agency employees and participating employers, disseminating informational materials to all stakeholders, including legislators, to help ensure that public policy makers are aware of the questions they may get from constituents as a result of covered employers reporting their proportionate share of the pension plans' unfunded liability in their financial statements, and presenting information and talking with covered employers as requested. PEBA hired a full-time employee to manage the agency's GASB-related responsibilities and implemented GASB Statement No. 67 in its financial statements for the FYE June 30, 2014, and for this Comprehensive Annual Financial Report. A GASB team worked throughout the fiscal year to make sure that the GASB Resource Center, a website dedicated to providing information to our covered employers, remained up to date. Information was provided through various communications media to employers to help them better understand the implications of GASB Statement No. 68. In October 2014, PEBA published unaudited proportionate share information for covered employers on the public website. The agency also contracted with its external auditor for services that include auditing the actuarially determined proportionate shares of the net pension liability so that each covered employer's auditor will be able to rely on PEBA's auditor's opinion of the data.

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PEBA's Board of Directors, having assumed responsibility for the S.C. Deferred Compensation Program, adopted a number of best practices for the S.C. Deferred Compensation Program and the State Optional Retirement Program. These best practices include: enhanced participant fee disclosures; in-plan Roth conversions; restrictions on participant loans; self-directed brokerage option limitations; and investment advice requirements for State ORP participants.

Operational System Improvements

PEBA continued to provide additional self-service options for its members through the agency's secure Member Access website. The most significant enhancement during the fiscal year was the availability of online filing of a service retirement application. Reporting and other features were also added to the secure Electronic Employer Services (EES) website related to the earnings limit for retired members returning to covered employment. In addition, the agency developed and implemented an automated data exchange with the Department of Employment and Workforce to monitor earnings for service and disability retirees. Technology is also helping facilitate the PORS Medical Board meetings and processes, which results in quicker turnaround time and overall cost savings. A significant portion of the fiscal year was dedicated to developing an online retirement enrollment process which integrates both the EES and Member Access systems, which was implemented subsequent to fiscal year-end.

PEBA's investment accounting staff is participating in detailed processes to reconcile, test, and run parallel with the trust fund custodian, BNY Mellon, in coordination with the S.C. Retirement System Investment Commission's (RSIC) newly acquired external administrator, Conifer Financial Services.

In November 2013, the agency discontinued the distribution of printed direct deposit statements for benefit payments, which resulted in significant savings for FY14. PEBA's Benefit Payment Unit also developed and implemented a system through which a unique payment transaction identifying number is used to transmit electronic payments. This system enhancement eliminates Social Security numbers from the data file transmitted electronically to the banking institution, which further improved security and protection of personally identifiable information for payment recipients.

One of the agency's most significant efforts to strengthen PEBA's physical and technology security in FY14 was to implement recommendations from a comprehensive information technology risk and vulnerability assessment that was conducted during the fiscal year. The agency outfitted its facilities with additional security cameras, panic buttons, and a new security and alarm system that included new employee access cards for the various secured areas of the facilities. Additional security enhancements included new logon banners for all workstations, increased network access controls, and improved physical security of network switches. PEBA recognizes that its workforce is vulnerable to attacks through social engineering and other means, so in addition to mandatory annual training on emergency evacuation and other procedures and awareness of the requirements of the Health Insurance Portability and Accountability Act (HIPAA), employees attend training geared toward making them more aware of the various methods used to secure unauthorized information. Additionally, PEBA employees are participating in mandatory online cyber-awareness training.

The agency developed and submitted a Request for Proposal for services to conduct a comprehensive assessment of the agency's current operational infrastructure and aging information systems, as well as information technology resources and a resultant plan for moving forward with required upgraded systems including allocation of resources.

Summary of Financial Condition

Actuarial Results

The main funding objective of the pension trust funds is to meet future benefit obligations of retirees and beneficiaries through employee and employer contributions and investment earnings. Each year, the external consulting actuaries determine the actuarial soundness of the plans based on long term obligations and the sufficiency of current contribution levels to fund the liabilities of each plan over a reasonable time frame. As of the July 1, 2013, valuations, funding levels of all the plans are such that annual expected contributions are sufficient for the valuations to find that the plans are actuarially sound. The changes in the levels of funding do not affect the availability of funds or resources for future use and actuarial projections indicate that unfunded liabilities should be amortized and funded within acceptable funding guidelines.

The July 1, 2013, actuarial valuations, adopted by the PEBA Board and subsequently approved by the S.C. Budget and Control Board, determined the actuarial status of each plan and identified the employee and employer contribution requirements to become effective for the fiscal year beginning July 1, 2015.

The funded ratios of the five plans as of July 1, 2013, range from a low of 36.1 percent for SCNG to a high of 69.2 percent for PORS. The funded ratio for SCRS, which represents the largest membership of the five plans, decreased from 64.7 percent to 62.5 percent while PORS went down from 71.1 percent to 69.2 percent. The decreases in funded ratio were primarily due to the continual recognition of extraordinary investment losses that occurred in prior years which are recognized using a five-year smoothing method. Based on the current funding policy, the funded ratio (on an actuarial value of asset basis) is expected to decline for the next several years before beginning to gradually improve. The funded ratio of SCNG continues to be very low because at one time, the plan was not funded on an actuarially sound basis. However, since 2006 when the General Assembly transferred administrative responsibility to the Retirement Division, their commitment to ensure the SCNG plan would be sufficiently funded prospectively has been maintained and the funded ratio has steadily improved. Each year recurring funds are set aside in the state's annual budget to fund SCNG over an amortization period that does not exceed 30 years, so continued future improvement in the funded ratio is expected.

The unfunded actuarial accrued liability for SCRS increased from \$13.9 billion to \$15.4 billion and PORS increased from \$1.55 billion to \$1.74 billion. Again, the single largest source of increase was the result of continual recognition of deferred investment losses in the actuarial value of assets. Absent favorable investment experience, those deferred losses will continue to be reflected, or smoothed, in the actuarial value of assets over the next few years. Actuarial losses also resulted in SCRS and PORS due to a large number of employees commencing their retirement benefit before the return-to-work legislative reform provisions changed effective January 2, 2013. Other non-investment related experience activity such as mortality, salary experience, payroll growth and turnover, which are considered normal within the course of plan experience, contributed to other actuarial gains and losses, as actual experience cannot be precisely predicted and will never exactly match the estimated assumptions.

Actuarial smoothing techniques which defer investment gains and losses help to dampen the short-term volatility inherent in investment markets by allowing only a portion of investment gains and losses to be recognized each year. Using these smoothing techniques, all of the Systems recognized a net actuarial loss on investment returns for the valuation year and the continual recognition of extraordinary investment losses that occurred in 2008 continue to be a primary contributor to the loss. For SCRS, the smoothing methodology resulted in a net amount of \$3 billion in excess investment losses being deferred as of the July 1, 2013, valuation.

Introductory Section

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

Investment Performance

As of June 30, 2014, the custodial bank reported that assets of the pension trust funds, invested and managed by the Retirement System Investment Commission (RSIC), were valued at \$29.8 billion. The plans are in a negative cash flow position as benefit payments in the amount of \$2.7 billion (on a cash flow basis) significantly exceeded the receipt of only \$1.7 billion in contributions (on a cash flow basis). This resulting negative net cash outflow of \$1 billion in net benefit obligations during the year represents approximately 3.5 percent of the portfolio's assets.

Capital markets during the fiscal year were, once again, favorable for the Plan as broad indices in equity, fixed income, and real estate posted positive returns. The RSIC Plan assets earned a return of 15.29 percent net of fees on a time-weighted calculation basis for the fiscal year ending June 30, 2014, compared to the Policy benchmark's return of 14.26 percent. This is the fifth consecutive year that the fund has experienced a positive annual return. The three-year annualized net of fees return was 8.37 percent as of the fiscal year end compared to the Policy benchmark return of 7.51 percent. The Plan's actuarial assumed rate of return is 7.50 percent.

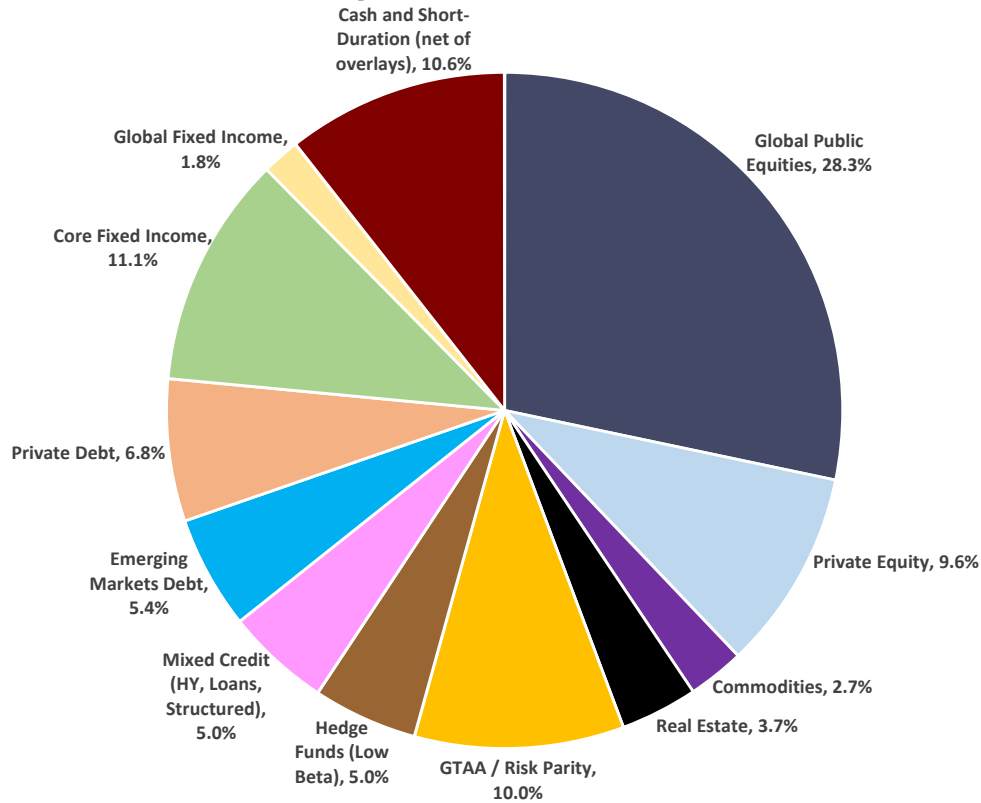
The plan assets are invested by the Commission in a manner consistent with a long-term investment time horizon. While the financial markets continue to experience significant volatility, the assets of the Retirement Systems are invested in a broadly diversified manner in an effort to mitigate risk. Although member benefits accrued and payable under the Retirement Systems' defined benefit plans are not dependent on individual member account balances, investment returns are a critical overall funding component.

An optimally diversified investment portfolio is designed to generate long-term returns sufficient to ensure the program's financial stability. While the Systems' investment performance was historically constrained by state constitution and state statute, the Commission has implemented a fully diversified asset allocation policy. With the help of the retained investment consultant, Hewitt EnnisKnupp, the RSIC manages investments across an asset allocation designed to generate attractive long-term risk-adjusted returns at a prudent level of risk.

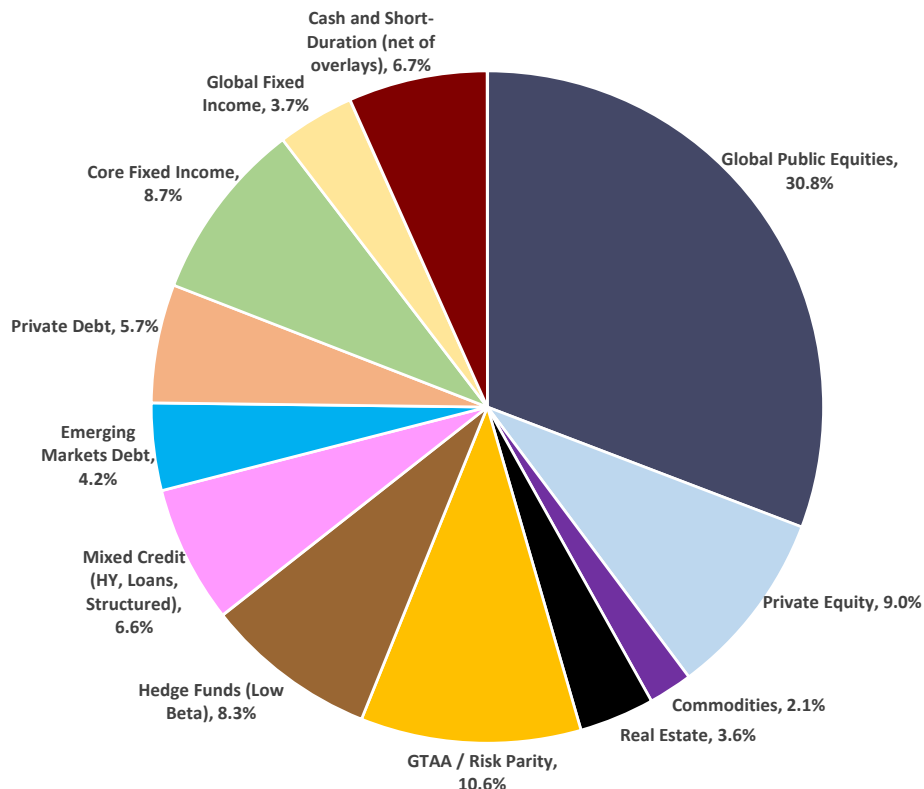
The RSIC provided the charts on pages 14-15, which summarize the diversification progress of managing the asset allocation of the Retirement Systems' trust funds for the prior and most recent fiscal year and the RSIC's target allocation in effect as of fiscal year ended June 30, 2014.

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Portfolio Exposure as of June 30, 2013^{1, 2}



Portfolio Exposure as of June 30, 2014^{1, 2}

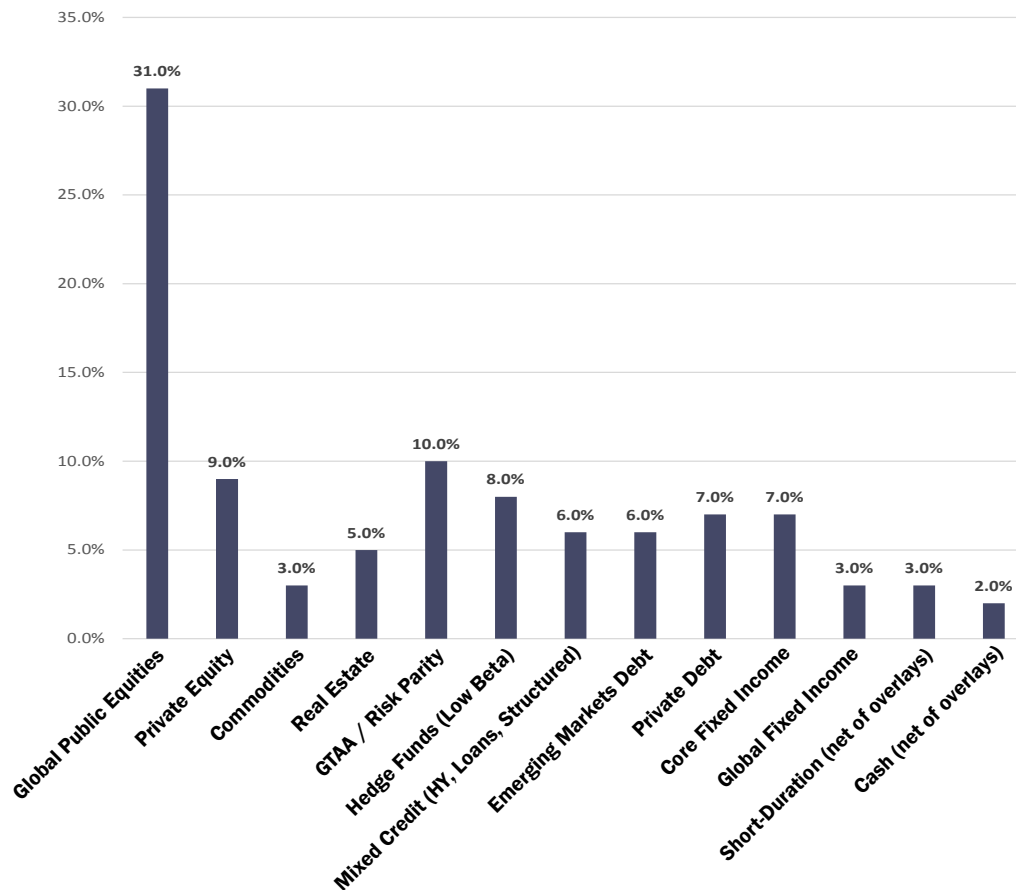


¹Portfolio exposure includes adjustments made by managers that invest across asset classes as well as the exposure from RSICs derivative overlay program.

²Values rounded for presentation purposes

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Target Asset Allocation



Note: Target Asset Allocation in effect at July 1, 2013, and adopted and amended by the Commission on September 26, 2013.

Investment performance, in comparison to the actuarial assumed rate of investment return, is one of the most significant factors in the actuarial valuations. As mentioned above, the actuarial asset valuation method utilized dampens year-to-year fluctuations, smoothes the effect of volatility in the market and helps provide a consistent estimate for the actuarial value of assets. Detailed investment results for fiscal year 2014 can be found within both the financial and investment sections of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Carolina Retirement Systems for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 27th consecutive year that the Retirement Systems has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Introductory Section

Public Pension Standards Award

The South Carolina Retirement Systems received the Public Pension Coordinating Council's Public Pension Standards Award in 2014 for the 11th consecutive year in recognition of meeting professional plan design and administration standards. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

Acknowledgments

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

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

Respectfully submitted,



Peggy G. Boykin, CPA
Executive Director



Tammy B. Nichols, CPA
Director of Retirement Systems Finance





Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2014***

Presented to

South Carolina Public Employee Benefit Authority

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in dark ink, appearing to read 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

Introductory Section

Governing Board and Administration as of Issuance

Governing Board – S.C. Public Employee Benefit Authority

Arthur M. Bjontegard, Chairman
Frank W. Fusco
Stephen M. Heisler
Stacy Kubu
Sheriff Leon Lott
Steve A. Matthews

Stephen Osborne
Joe W. “Rocky” Pearce, Jr.
Audie Penn
John A. Sowards
David J. Tigges

Retirement System Investment Commission¹

Edward N. Giobbe, MBA, Chairman
Dr. Rebecca M. Gunnlaugsson, Vice Chairman
Allen R. Gillespie, CFA
Curtis M. Loftis, Jr., State Treasurer
Dr. Ron P. Wilder

Reynolds Williams, J.D., CFP
Peggy G. Boykin, CPA
Michael Hitchcock, Executive Director
Hershel Harper, Jr., CFA, Chief Investment Officer
Andrew Chernick, Managing Director of Operations
and Operational Due Diligence

Investment Consultant

Hewitt EnnisKnupp

Custodial Bank

BNY Mellon Asset Servicing

Consulting Actuaries

Gabriel Roeder Smith & Company

S.C. Public Employee Benefit Authority Executive Management

Peggy G. Boykin, CPA	Executive Director
Sarah Corbett, CPA	Chief Operating Officer
Travis J. Turner, CPA	Chief Financial Officer
John E. Page, CIA, CISA	Internal Audit Manager
Stephen Van Camp, J.D.	General Counsel
Vacant	Healthcare Policy Director
Gwen Bynoe	Governmental Affairs
Heather Muller	Board Liaison

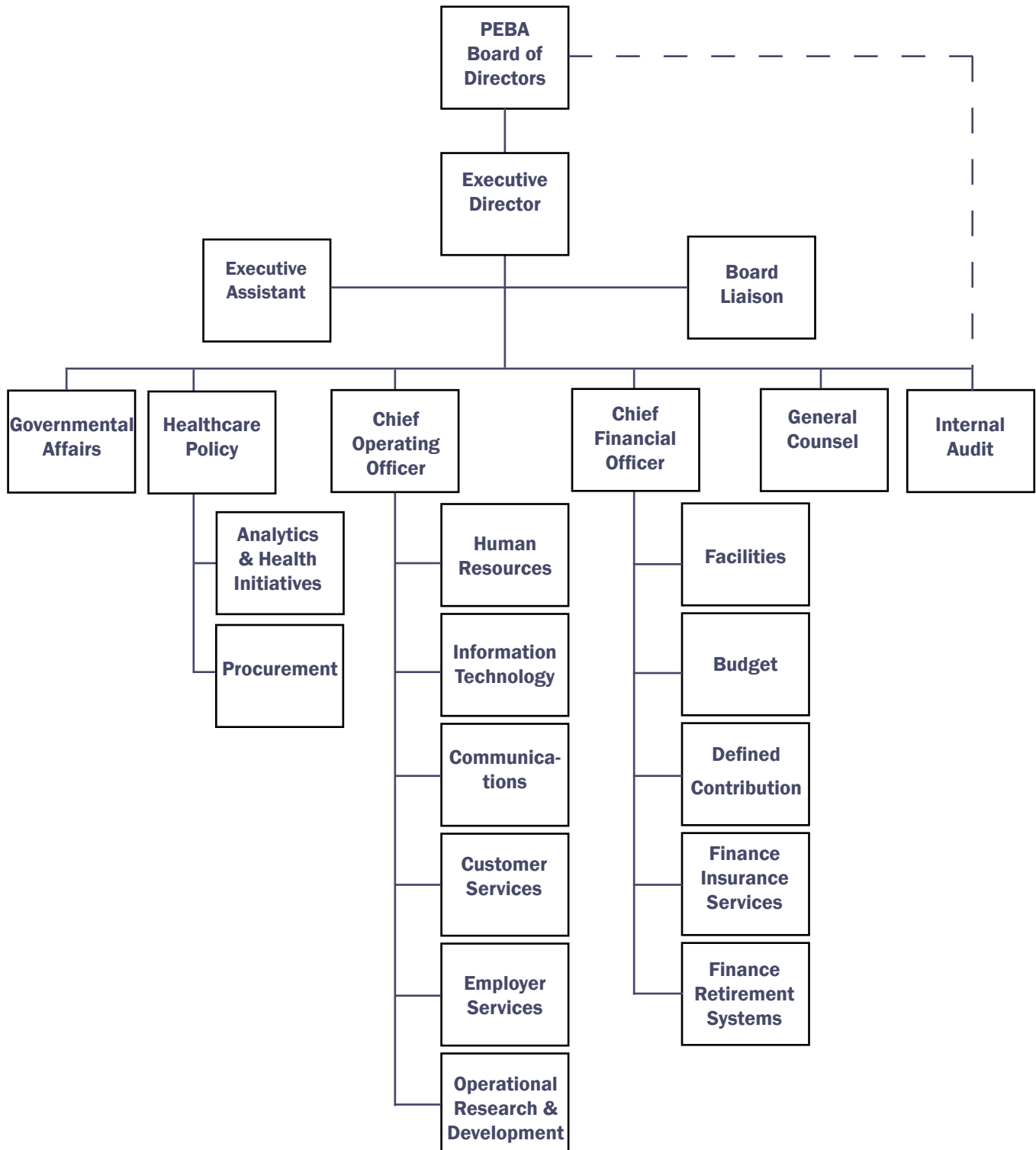
S.C. Public Employee Benefit Authority Staff Responsible for Compilation of CAFR

Tammy B. Nichols, CPA	Director of Retirement Systems Finance
Danielle M. Quattlebaum, CPA	Retirement Systems Finance
Faith Wright	Retirement Systems Finance
Ashley Brindle, CPA	Retirement Systems Finance
Megan B. Lightle	Communications Director
Angie Warren	Public Information Director

¹Refer to Pages 92-96 for a list of investment managers and fees.

Introductory Section

Organizational Chart As of Issuance South Carolina Public Employee Benefit Authority



Introductory Section

Organizational Description

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

Governmental Affairs

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

Healthcare Policy

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

Chief Operating Officer

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

Chief Financial Officer

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

General Counsel

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

Internal Audit

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



Financial Section



Communicating through our Call Center



Aside from face-to-face communications, a telephone call is the next best way to receive an immediate personal response. An organization's call center staff serve as the organization's front line of communications with its stakeholders. The call center is often the first and only contact a stakeholder has with an organization.

PEBA's Call Center is vital to our organization. Comprised of 38 benefits counselors, our Call Center staff answers questions, resolves issues and handles requests from members and employers. The Call Center staff mail forms and other informational materials as required. The Call Center is also responsible for communicating with members who visit our website via the Live Chat feature and for answering customer service emails.



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Independent Auditors' Report

The Honorable Nikki Haley, Governor,
Board of Directors of the South Carolina
Public Employee Benefit Authority, and
Richard H. Gilbert, Jr., Deputy State Auditor
South Carolina Retirement Systems
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the South Carolina Retirement Systems (the Systems), as administered by the South Carolina Public Employee Benefit Authority, which comprise the statement of fiduciary net position as of June 30, 2014, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Systems as of June 30, 2014, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Systems' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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Financial Section

Emphasis of Matter

The financial statements include alternative investments valued at \$9.3 billion (31% percent of total net position). As explained in Note 1, their fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

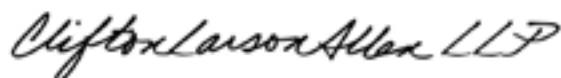
Our audit was conducted for the purpose of forming an opinion on the Systems' financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014 on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.



Baltimore, Maryland
November 21, 2014

Management's Discussion and Analysis

This section presents management's discussion and analysis of the financial position and performance for the year ended June 30, 2014, for the South Carolina Retirement System pension trust funds (Systems), and is offered as an introduction and analytical overview. This narrative is intended as a supplement and should be read in conjunction with the financial statements and other information presented in the *Comprehensive Annual Financial Report*.

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

- *South Carolina Retirement System (SCRS)* - A member contributory multiple-employer plan covering teachers, as well as state and municipal employees;
- *Police Officers Retirement System (PORS)* - A member contributory multiple-employer plan covering state and local law enforcement personnel and firefighters;
- *The Retirement System for Members of the General Assembly (GARS)* - A member contributory plan providing benefits to the members of the South Carolina General Assembly;
- *The Retirement System for Judges and Solicitors (JSRS)* - A member contributory plan covering Judges, Solicitors and Public Defenders; and
- *South Carolina National Guard Supplemental Retirement Plan (SCNG)* - A non-contributory supplemental benefit plan for members of the South Carolina National Guard.

Overview of the Financial Statements

The Systems represents the collective retirement funds that are held in a group trust for the plans and are protected by the state's constitution. PEBA, which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state. Financial statements prepared on behalf of the Systems, include the following information, for the fiscal year ended June 30, 2014, with combined total comparative information for the fiscal year ended June 30, 2013:

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

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

Financial Section

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

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

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

Other Supplementary Information includes Schedules of Changes in Fiduciary Net Position by system, as well as schedules of administrative expenses, professional and consultant fees and investment expenses.

Financial Highlights

- PEBA is still a relatively new entity having been created July 1, 2012, as the governing body responsible for administration of the state's retirement plans and employee insurance programs. The PEBA Board assumed responsibility for the SC Deferred Compensation Program effective January 1, 2014. The Deferred Compensation Program offers 401k and 457 plans and is administered by a third party record keeper. These assets are outside the group trust fund of the Systems. With PEBA's creation, transition and consolidation of offices, management continues to analyze human resources and priorities which resulted in a decrease of almost 14 percent in administrative expenses from the prior year. PEBA's Board of Directors and executive leadership are committed to an organized, robust strategic planning process that will formalize the direction and goals of the agency in meeting its mission.
- For the fiscal year ended June 30, 2014, the net of fee investment performance return provided by the custodial bank, BNY Mellon was 15.29 percent. This return reflects performance of the Systems, at the aggregate for the pooled investments of the consolidated pension trust funds, after the deduction of manager fees and/or expenses. This fiscal year's performance was again significantly above the prior year's return of 9.99 percent and will also be recognized as an actuarial gain as it was well above the 7.5 percent actuarial investment rate of return assumed for the plans. For the actuarial valuation prepared for funding purposes, gains and losses from investment performance are recognized using smoothing methods which help mitigate sharply fluctuating market returns over a long-term period. The smoothing methodology offsets both deferred investment gains and losses against each other and is intended to produce an actuarial asset value that is fairly consistent with market value during periods of ordinary investment returns. Smoothing avoids overreaction to inherently volatile conditions that would otherwise overweight the effects of a single year of performance that would most likely be reversed in subsequent years. Actuarial smoothing is intended to result in more stable contribution rates and a more level funded status, and is also a valuable methodology for governmental entities because it permits budgetary planning over more than one fiscal year.
- The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005 as co-fiduciary for the Systems, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission operates pursuant to statutory provisions

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and under governance policies that allow for a diverse asset allocation and which afford the RSIC and its chief investment officer discretion and flexibility to quickly react to changes in market conditions. The investment portfolio is structured to focus on ensuring the long-term stability of the plans, seeking superior returns at acceptable levels of risk. Hewitt EnnisKnupp (HEK), the investment consultant for the Commission, reported that as of the fiscal year ended June 30, 2014, the plan's investment portfolio outperformed the policy benchmark, on a net-of-fee basis, for the trailing one- two- three- and five-year time periods.

- The Commission is responsible for establishing and maintaining a target asset allocation that manages risk, ensures liquidity, and affords flexibility to quickly react to changes in market conditions. Variances from the target among asset classes are the result of over or underweights reflected in the Commission's asset allocation strategies as well as volatility experienced in the financial markets. During the fiscal year, several new real estate and private equity managers were added in addition to the funding of global equity, emerging market debt and private debt managers. As a result of an asset liability modeling (ALM) study conducted by the Commission's consultant, HEK, which reviewed the liabilities of the plans and compared them against projected capital market expectations in order to produce a recommended asset allocation, in April 2013 a new asset allocation was adopted by the Commission for fiscal year 2014. The adopted asset allocation policy for fiscal year 2014 reflected an increase in return-seeking assets and a change in the allocation of hedge funds. Hedge fund strategies that persistently exhibit beta are now placed in the asset class in which that beta resides and up to 7 percent of the total fund can be placed in these investments. The hedge fund (low beta) asset class was created for hedge fund strategies with multiple betas or no market beta and an 8 percent target allocation was set for this asset class. A total fund limit to hedge fund strategies was set at 15 percent.
- All investment manager fees, whether directly invoiced or deducted from the fund on a net basis, are classified and reported as investment expense. While some investment managers submit invoices for their investment management fees, a significant number of investment managers provide account valuations on a net of fee basis. Those management fees are often netted against investment income and are not readily separable. For greater transparency, the RSIC makes a good faith attempt to disaggregate netted fee amounts that are not necessarily readily separable. The RSIC collects and aggregates the netted investment fees and checks for reasonableness in order to disclose fees that would not otherwise be disclosed. The RSIC provides the netted fee information to the Retirement Division of PEBA on an annual basis so that amounts can be reclassified and reported in the financial statements on the investment expense line of the Statement of Changes in Fiduciary Net Position. The collection process is not standard practice for many plan sponsors. The netted investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), and other expenses such as organizational expenses in limited partnership structures. The total netted fee amounts reported also reflect the impact of any offsets which have the effect of reducing this total. Therefore, in order to compare investment expense as reported by the Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative reports is necessary. Additionally, investment plan composition directly influences the fee structure of a plan and adjustments for differences in plan asset allocation is necessary before conclusions can be reached from such comparisons.
- The Systems' investment portfolio continues to participate in a securities lending program, managed by BNY Mellon (Securities Lending Program), whereby securities are loaned for the purpose of generating additional income. BNY Mellon is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to various third party broker-dealers and financial institutions. The gross

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securities lending revenue for the fiscal year was \$1.7 million, a decrease from \$2.5 million in the prior year. As reported by BNY Mellon, at June 30, 2014, the fair value of securities on loan was \$118.70 million, the fair value of the invested cash collateral was \$72.64 million, and the securities lending obligations were \$121.31 million. The reported difference in the value of the invested cash collateral and the securities lending obligations in the securities lending program is reflected within “Other Liabilities” on the Retirement Systems’ Statement of Fiduciary Net Position, consistent with information reported on accounting statements provided by BNY Mellon as the custodial bank.

- Total fiduciary net position for all five defined benefit plans of the Systems combined, increased by \$3.0 billion or just over 11 percent during fiscal year 2014. The net position of the plans is impacted by contributions to the plans, investment returns, and benefit payments out of the system. It is important to note that growth in fiduciary net position depends on both investment performance and contributions from employers and employees. The plans are in a net cash outflow position with benefit payments exceeding contributions, therefore, investment performance must first make up this gap before fiduciary net position can grow. The increase in net position from \$26.9 billion to \$29.9 billion was attributable to both superior investment performance and increased contribution levels.
- An increase in the amount of employer contributions collected from the prior fiscal year is attributable to higher contribution rates imposed by retirement reform legislation which was enacted in 2012. Although the employee contribution rate increased proportionately, the dollar amount of employee contributions collected during fiscal year 2014 decreased because the prior year’s employee contributions were inflated due to an influx of members purchasing service credit that year as a result of legislative reform.
- The Teacher and Employee Retention Incentive (TERI) program is a deferred retirement option program under SCRS that initially allowed retired members to accumulate annuity benefits on a deferred basis for up to 60 months while continuing employment. Retirement reform legislation will close the TERI program to all participants effective June 30, 2018, so SCRS members who enter the TERI program after July 1, 2013, will not be eligible to participate in TERI for the full 60 months. Current TERI participants are required to pay the same pre-tax member contribution rate on compensation earned, in the same manner as active members. TERI participants do not earn additional service credit or interest on their TERI account but are eligible to receive benefit increases in the same manner as other annuitant payees. At the end of the member’s TERI participation and upon termination from employment, funds are distributed from the accumulated TERI account. The number of members actively participating in TERI decreased slightly from 9,792 at fiscal year-end 2013 to 9,644 at fiscal year-end 2014.
- The total number of retired members and beneficiaries receiving monthly annuity benefits from the Systems’ increased from slightly over 149,000 to approximately 153,000 annuitants during the year. Additionally, eligible annuitant payees received an annual benefit adjustment equal to the lesser of 1 percent or \$500 on July 1, 2013. The increase in the number of new annuitants added to the payroll during the year coupled with the retiree benefit adjustment resulted in an overall increase of 4.10 percent in the dollar amount of annuity benefits paid to annuitants compared to the prior the year.
- In addition to the deferred retirement options available in SCRS and JSRS, all of the plans (excluding SCNG) include certain provisions that allow retired members to continue covered employment while also receiving a monthly retirement benefit. South Carolina’s public employee defined benefit plans have historically provided extremely lenient return-to-work provisions for retired members of SCRS and PORS who return to work for a covered employer after retirement, or after ending their TERI participation (SCRS

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only). For members who return to work for a covered employer after retirement, the employer must pay the corresponding employer contribution for that particular plan, and under SCRS, PORS and JSRS, retired members are also required to pay the same employee contribution as an active member in the same position. TERI participants receive the full monthly retirement benefit, with no limit on the amount of wages they may earn from employment. Collectively among the plans, the most recent actuarial valuation study reported that over 30,000 retirees continue covered employment while receiving monthly retirement benefits either directly or as a TERI participant, thereby making up approximately 11 percent of the total public workforce covered by the Systems. Because historically lenient return-to-work provisions, coupled with demographic changes of the membership, caused concern over the long-term stability of the plans, retirement reform legislation also addressed retiree return-to-work provisions. Generally, SCRS and PORS members who retired after January 1, 2013, and had not yet reached age 62 (SCRS) or age 57 (PORS) at retirement are subject to an annual earnings limit of \$10,000 on wages earned from covered employment.

- Qualified Excess Benefit Arrangement (QEBA) trust funds are maintained for each of the plans administered by the Retirement Division of PEBA. A QEBA is intended to be a qualified governmental excess benefit arrangement within the meaning of Section 415(m)(3) of the Internal Revenue Code and provides the part of a participant's retirement benefit that would have been paid by the Systems had there been no limitations under Code Section 415(b). The QEBA plans are separate and apart from the funds comprising the retirement funds and are not commingled with assets of those funds. The QEBA is not prefunded; therefore, no assets or income are accumulated to pay future benefits. The amount of required contributions necessary to pay benefits under the plans is determined and deposited to the trust funds on an as-needed basis. Employer contributions to fund the excess benefits are not credited or commingled with contributions paid into and accumulated in the retirement funds.
- The firm of Gabriel Roeder Smith & Company (GRS) is on retainer as the Systems' consulting actuary for the defined benefit retirement plans. South Carolina state statute requires that the actuary complete a valuation of the Systems annually and conduct an experience investigation at least once in each five-year period. GRS completed an actuarial experience study on the Systems as of July 1, 2010, and the most recent annual valuation reports were issued as of June 30, 2013. While Act 278 amended the law to provide for a schedule of employer and employee contributions going forward, the 2013 valuation results required additional increases to employee and employer contribution rates for both SCRS and PORS effective July 1, 2015, in order to maintain a 30-year funding period. Statutory provisions require any necessary increase in the scheduled contributions rates to be shared equally between employers and employees. The PEBA Board adopted the recommended rate changes, which were subsequently approved by the Budget and Control Board. State statute now requires that the General Assembly establish the assumed annual rate of return on the investments of the Retirement Systems, and the state's legislative body set the rate at 7.5 percent effective July 1, 2012.
- The GARS was closed to persons first elected to the South Carolina General Assembly at or after the general election in November 2012. Members so elected to the Senate or House of Representatives have the option to join SCRS, the State Optional Retirement Program (State ORP), which is a defined contribution plan, or opt out all together.
- The Systems implemented the requirements of GASB 67 as approved by the Governmental Accounting Standards Board in June 2012 in the financial statements for the fiscal year ended June 30, 2014. The financial statements, notes to the financial statements, and required supplementary information reflect changes as required by this statement.

Condensed Financial Information

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

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

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

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The following summary comparative financial statements of the pension trust funds are presented.

Fiduciary Net Position June 30 (Amounts expressed in thousands)

	2014	2013 Restated ¹	Increase/ (Decrease)	% Increase/ (Decrease)
Assets				
Cash and cash equivalents, receivables and prepaid expenses	\$ 4,063,173	\$ 4,023,274	\$ 39,899	0.99%
Investments, at fair value	26,754,819	24,587,950	2,166,869	8.81%
Securities lending cash collateral invested	72,645	106,633	(33,988)	(31.87%)
Capital Assets, net of accumulated depreciation	2,912	3,083	(171)	(5.55%)
Total Assets	<u>30,893,549</u>	<u>28,720,940</u>	<u>2,172,609</u>	<u>7.56%</u>
Liabilities				
Deferred retirement benefits	56,901	68,344	(11,443)	(16.74%)
Obligations under securities lending	72,645	106,633	(33,988)	(31.87%)
Other accounts payable	836,292	1,645,150	(808,858)	(49.17%)
Total Liabilities	<u>965,838</u>	<u>1,820,127</u>	<u>(854,289)</u>	<u>(46.94%)</u>
Total Fiduciary Net Position Restricted for Pensions	<u>\$ 29,927,711</u>	<u>\$ 26,900,813</u>	<u>\$ 3,026,898</u>	<u>11.25%</u>

Changes in Fiduciary Net Position Year Ended June 30 (Amounts expressed in thousands)

	2014	2013 Restated ¹	Increase/ (Decrease)	% Increase/ (Decrease)
Additions				
Employee contributions	\$ 751,467	\$ 775,634	\$ (24,167)	(3.12%)
Employer contributions	1,132,128	1,103,044	29,084	2.64%
State-appropriated contributions	4,586	4,539	47	1.04%
Net Investment income	4,083,023	2,542,502	1,540,521	60.59%
Other income	3,083	4,083	(1,000)	(24.49%)
Total Additions	<u>5,974,287</u>	<u>4,429,802</u>	<u>1,544,485</u>	<u>34.87%</u>
Deductions				
Annuity benefits	2,803,084	2,692,799	110,285	4.10%
Refunds	106,475	102,255	4,220	4.13%
Death benefits	21,680	21,268	412	1.94%
Administrative & other expenses	16,150	18,741	(2,591)	(13.83%)
Total Deductions	<u>2,947,389</u>	<u>2,835,063</u>	<u>112,326</u>	<u>3.96%</u>
Increase in Fiduciary Net Position	<u>3,026,898</u>	<u>1,594,739</u>	<u>1,432,159</u>	<u>89.81%</u>
Beginning Fiduciary Net Position, Restated ¹	26,900,813	25,306,074	1,594,739	6.30%
Ending Fiduciary Net Position Restricted for Pensions	<u>\$ 29,927,711</u>	<u>\$ 26,900,813</u>	<u>\$ 3,026,898</u>	<u>11.25%</u>

¹See accompanying notes to the financial statements.

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

On a combined basis, the defined benefit plans' fiduciary net position was valued at \$29.9 billion at June 30, 2014, representing just over an 11 percent increase in net position from the previous fiscal year-end. Positive investment earnings and increased contributions were the primary drivers of the change in fiduciary net position for the fiscal year.

During fiscal year 2014, the total dollar amount of contributions added to the plans remained relatively flat although contribution rates increased slightly. Monthly retirement benefits paid to annuitants increased 4.10 percent compared with the previous fiscal year. As previously referenced, the increase was attributable to a benefit adjustment granted to eligible SCRS and PORS annuity recipients effective July 1, 2013, along with a significant increase in the number of new annuitants added to the payroll during the year.

Investment income had a positive impact on the trust fund. The plan's net-of-fee return for the fiscal year 2014 was 15.29 percent, exceeding the actuarial assumed rate of return of 7.50 percent by 779 basis points. The fund experienced positive returns for the fifth consecutive year led by several strategies that substantially exceeded their benchmarks. Private Debt returned 15.07 percent for the fiscal year significantly outpacing the benchmark of 5.85 percent. Real Estate also outperformed its benchmark with a 20.10 percent return versus a Real Estate Index return of 14.52 percent. Other strategies that significantly outperformed their benchmarks included: Hedge Funds (Low Beta) with a 13.27 percent return versus a 9.06 percent benchmark return, Mixed Credit with a 9.99 percent return versus a 7.30 percent benchmark return, and Global Fixed Income with a 8.61 percent return versus a 5.17 percent benchmark return.

Strong equity, long-term bond, and real estate markets provided the basis for all asset classes having positive returns on an absolute basis. Relative to the benchmark, the greatest underperforming asset class was Private Equity returning 21.69 percent while its benchmark generated a return of 24.64 percent.

Actuarial Valuations and Funding Progress

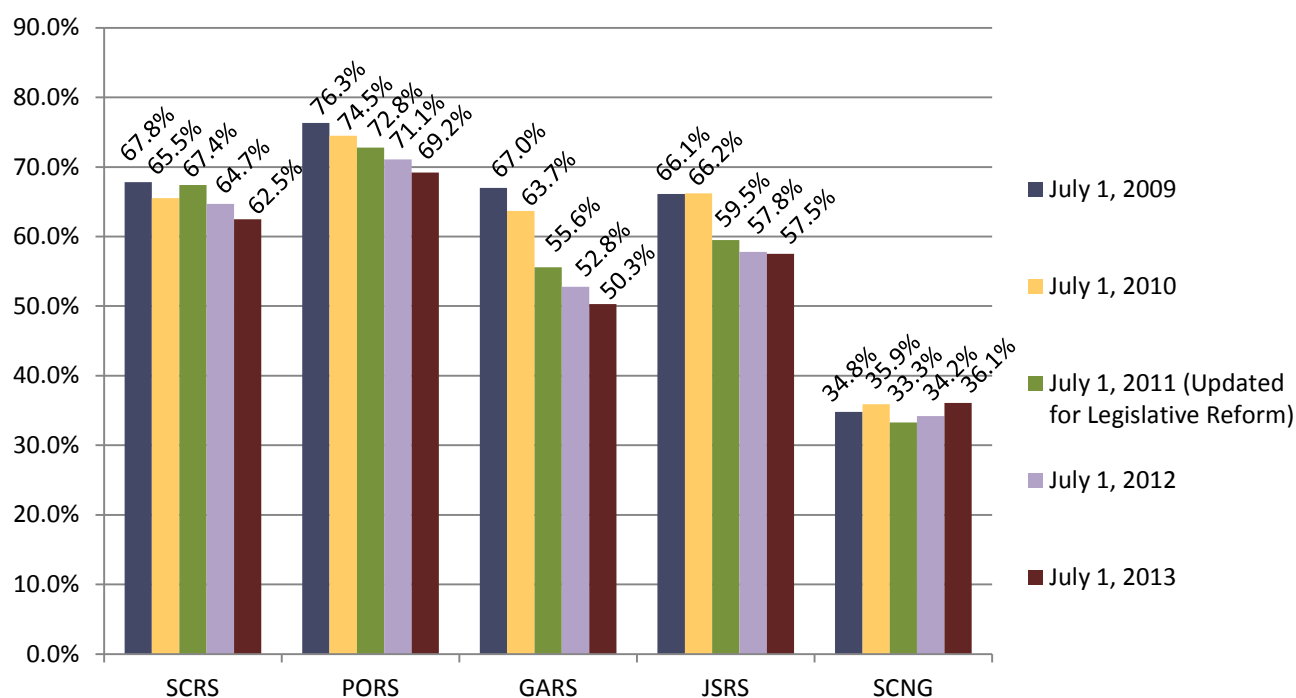
An actuarial valuation of each defined benefit plan is performed annually. An overall objective in the funding of a defined benefit retirement plan is to accumulate sufficient funds to meet long-term benefit obligations. The primary sources of revenue to fund benefits include investment income, member contributions and employer contributions. The investment performance for purposes of developing the actuarially determined contribution rate is recognized using a five-year smoothing period. Under this method, each year the plan recognizes 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return. This asset valuation method mitigates the short term impact of market volatility and allows changes in market conditions to be recognized (smoothed) over a longer period of time. In contrast, for purposes of providing accounting information under GASB Statement No. 67, the fiduciary net position is determined on a market value basis.

For the actuarial valuations prepared for funding purposes, the ratio of actuarial assets to actuarial liabilities provides an indication as to whether sufficient assets are accumulated to pay benefits when due; the greater the level of funding, the larger the ratio of assets to liabilities. Since the percentage of plan fiduciary net position to the total pension liability for accounting purposes uses the market value of assets rather than the actuarial value of assets, there can be significant short-term volatility in the proportion. The funding progress of a retirement system should be reviewed over a several year period, such as five to ten years, to identify the trend in the

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plan's funding status. The most recent actuarial valuations prepared as of July 1, 2013 showed a general decline in funded status; however, the funding status of all plans is expected to increase over time once the deferred investment losses from prior years are fully recognized. The expected increases in funded status are primarily the result of retirement reform legislation. As of July 1, 2013, valuations, funding levels of all the plans are such that annual expected contributions are sufficient for the valuations to find that the plans are actuarially sound. The changes in the levels of funding do not affect the availability of funds or resources for future use and actuarial projections indicate that unfunded liabilities should be amortized and funded within acceptable funding guidelines. The actuarial funded ratios of the five plans are presented in the following graph. Percentages for GASB 67 reporting purposes can be found in the schedule of employers' net pension liability on Page 69.

Actuarial Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)



Requests for Information

This financial report is designed to provide a general overview of the Retirement Systems' finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed as follows:

Retirement Systems Finance
South Carolina Public Employee Benefit Authority
P.O. Box 11960
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Financial Section

South Carolina Retirement Systems Statement of Fiduciary Net Position

June 30, 2014

With comparative totals for June 30, 2013

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	TOTAL 2013 Restated
ASSETS							
Cash and cash equivalents	\$ 2,552,961	\$ 396,203	\$ 4,873	\$ 16,219	\$ 3,761	\$ 2,974,017	\$ 3,013,555
Receivables:							
Due from other systems	269	949				1,218	492
Employee and employer contributions	174,015	20,548	172	751	16	195,502	225,494
Accrued investment income	32,286	4,983	40	182	26	37,517	67,184
Unsettled investment sales	732,115	112,991	918	4,132	595	850,751	712,485
Other investment receivables	1,567	242	2	9	1	1,821	2,798
Total receivables	940,252	139,713	1,132	5,074	638	1,086,809	1,008,453
Investments, at fair value:							
Short-term securities	719,307	111,015	901	4,060	584	835,867	476,652
Debt							
Domestic Fixed Income	4,926,250	760,296	6,174	27,804	4,002	5,724,526	6,749,245
Global Fixed Income	2,133,683	329,303	2,675	12,043	1,733	2,479,437	1,951,503
Public Equity							
Domestic Equity	2,176,128	335,854	2,727	12,283	1,768	2,528,760	1,735,940
Global Equity	3,279,266	506,108	4,110	18,508	2,664	3,810,656	1,717,633
Global Tactical Asset Allocation	1,823,709	281,463	2,286	10,293	1,482	2,119,233	1,759,777
Alternatives	7,965,558	1,229,369	9,983	44,958	6,472	9,256,340	10,197,200
Total investments	23,023,901	3,553,408	28,856	129,949	18,705	26,754,819	24,587,950
Securities lending cash collateral invested	62,515	9,648	78	353	51	72,645	106,633
Prepaid expenses	2,018	313	3	11	2	2,347	1,266
Capital Assets, net of accumulated depreciation	2,617	274	7	13	1	2,912	3,083
Total assets	26,584,264	4,099,559	34,949	151,619	23,158	30,893,549	28,720,940
LIABILITIES							
Due to other systems	949	269				1,218	492
Accounts payable-unsettled investment purchases	612,416	94,518	768	3,457	497	711,656	1,361,171
Investment fees payable	8,003	1,235	10	45	7	9,300	9,333
Obligations under securities lending	62,515	9,648	78	353	51	72,645	106,633
Deferred retirement benefits	56,901					56,901	68,344
Due to Employee Insurance Program	53,220	1,011				54,231	54,135
Benefits payable	3,519	330			6	3,855	3,679
Other liabilities	48,220	7,446	59	268	39	56,032	216,340
Total liabilities	845,743	114,457	915	4,123	600	965,838	1,820,127
Net Position Restricted for Pensions	\$ 25,738,521	\$ 3,985,102	\$ 34,034	\$ 147,496	\$ 22,558	\$ 29,927,711	\$26,900,813

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

Financial Section

South Carolina Retirement Systems Statement of Changes in Fiduciary Net Position Year Ended June 30, 2014

With comparative totals for the year ended June 30, 2013
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	TOTAL 2013 Restated
Additions							
Contributions							
Employee	\$ 652,631	\$ 96,004	\$ 384	\$ 2,448	\$ -	\$ 751,467	\$ 775,634
Employer	962,798	155,608	4,063	9,659		1,132,128	1,103,044
State appropriated					4,586	4,586	4,539
Total contributions	1,615,429	251,612	4,447	12,107	4,586	1,888,181	1,883,217
Investment Income							
Net appreciation in fair value of investments	3,618,445	554,222	4,654	20,491	2,893	4,200,705	2,667,000
Interest and dividend income	300,260	46,097	397	1,739	240	348,733	299,712
Investment expense	(402,871)	(62,162)	(508)	(2,276)	(328)	(468,145)	(426,723)
Net income from investing activities	3,515,834	538,157	4,543	19,954	2,805	4,081,293	2,539,989
From securities lending activities:							
Securities lending income	54	9				63	272
Securities lending borrower rebates	1,436	220	2	8	1	1,667	2,241
Net income from securities lending activities	1,490	229	2	8	1	1,730	2,513
Total net investment income	3,517,324	538,386	4,545	19,962	2,806	4,083,023	2,542,502
Supplemental retirement benefits funded by the State	587	26				613	687
Transfers of contributions from other Systems		2,260	15	195		2,470	3,396
Total additions	5,133,340	792,284	9,007	32,264	7,392	5,974,287	4,429,802
Deductions							
Refunds of contributions to members	90,250	16,184	41			106,475	102,255
Transfers of contributions to other Systems	2,470					2,470	3,396
Regular retirement benefits	2,293,335	311,593	6,799	15,897	4,248	2,631,872	2,518,327
Deferred retirement benefits	168,221			778		168,999	172,249
Supplemental retirement benefits	590	26				616	666
Death benefits	19,240	2,410	20	10		21,680	21,268
Accidental death benefits		1,597				1,597	1,557
Depreciation	200	25	1	1		227	211
Administrative expenses	11,565	1,795	16	67	10	13,453	15,134
Total deductions	2,585,871	333,630	6,877	16,753	4,258	2,947,389	2,835,063
Net increase in Net Position	2,547,469	458,654	2,130	15,511	3,134	3,026,898	1,594,739
Net Position Restricted for Pensions							
Beginning of year, Restated	23,191,052	3,526,448	31,904	131,985	19,424	26,900,813	25,306,074
End of year	\$25,738,521	\$ 3,985,102	\$ 34,034	\$ 147,496	\$ 22,558	\$ 29,927,711	\$ 26,900,813

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

South Carolina Retirement Systems

Notes to Financial Statements

I. Basis of Presentation and Summary of Significant Accounting Policies

Description of the Entity

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

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

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

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

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

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

Pension Trust Funds

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

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

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

Plan Descriptions

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

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

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

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

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

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

Financial Section

A summary of information related to participating employers and members for the fiscal year ended June 30, 2014, follows (dollars amounts expressed in thousands):

	State ¹	School	Other	Total
SCRS				
Number of Employers	35	116	577	728
Annual Covered Payroll for Active Members	\$ 2,178,457	\$ 3,218,185	\$ 2,029,949	\$ 7,426,591
Average Number of:				
Active Contributing Members	49,293	82,775	53,287	185,355
Retirees and beneficiaries currently receiving benefits	47,573	61,466	22,534	131,573
Terminated members entitled to but not yet receiving benefits ²				156,792
Total SCRS Membership				473,720
PORS				
Number of Employers	31	57	323	411
Annual Covered Payroll for Active Members	\$ 366,570	\$ 207	\$ 705,426	\$ 1,072,203
Average Number of:				
Active Contributing Members	9,650	1	17,057	26,708
Retirees and beneficiaries currently receiving benefits	7,824	20	8,373	16,217
Terminated members entitled to but not yet receiving benefits ²				11,987
Total PORS Membership				54,912
GARS				
Number of Employers	1			1
Annual Covered Payroll for Active Members	\$ 2,646			\$ 2,646
Average Number of:				
Active Members (170 positions)	116			116
Retirees and beneficiaries currently receiving benefits	355			355
Terminated members entitled to but not yet receiving benefits	56			56
Total GARS Membership	527			527
JSRS				
Number of Employers	1			1
Annual Covered Payroll for Active Members	\$ 17,837			\$ 17,837
Average Number of:				
Active Members (153 positions)	133			133
Retirees and beneficiaries currently receiving benefits	204			204
Terminated members entitled to but not yet receiving benefits	2			2
Total JSRS Membership	339			339
SCNG				
Number of Employers	1			1
Annual Covered Payroll for Active Members ³	N/A			N/A
Average Number of:				
Active Members	12,222			12,222
Retirees and beneficiaries currently receiving benefits	4,629			4,629
Terminated members entitled to but not yet receiving benefits	2,137			2,137
Total SCNG Membership	18,988			18,988

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

²Employee Class not determinable from data.

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

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Membership

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

SCRS

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

State ORP

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

Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the investment providers for the employee contribution (7.5 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for a portion of the employer contribution (5.45 percent) and a death benefit contribution (.15 percent), which is retained by the SCRS. The activity for the State ORP is as follows:

State ORP Activity

Year Ended June 30, 2014

(Dollar amounts expressed in thousands)

Active Contributing Participants	24,604
Annual Covered Payroll	\$ 1,171,274
Employer Contributions Retained by SCRS	63,834
Death Benefit Contributions Retained by SCRS	1,757
Employee Contributions to Investment Providers	87,846
Employer Contributions to Investment Providers	58,564

PORS

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

GARS

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

JSRS

All solicitors, circuit public defenders, judges of a Circuit 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.

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SCNG

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

Pension Benefits

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

SCRS

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS

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

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

GARS

A member is eligible for a monthly pension at age 60 or with 30 years credited service. A member who has attained age 70 or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions. GARS is closed to new members and persons newly elected to the General Assembly must elect membership in SCRS or State ORP or may elect non-membership.

JSRS

A pension benefit is payable at age 70 with 15 years service, age 65 with 20 years service, 25 years service regardless of age for a judge or 24 years of service for a solicitor or a circuit public defender regardless of

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

SCNG

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

Summary of Significant Accounting Policies

Fund Structure

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

Adoption of New Accounting Standards and Restatement

Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans, is effective for fiscal years beginning after June 15, 2013, and has been implemented in the financial statements prepared by PEBA's Retirement Division for the fiscal year ended June 30, 2014. This statement addresses accounting and financial reporting

requirements for pension plans that are administered through trusts. GASB 67 requires a change in the actuarial calculation of the total and net pension liability in addition to changes in the presentation of plan financial statements, expanded note disclosures and additional required supplementary information. In accordance with U.S. GAAP and paragraph 49 of GASB 67, certain changes in accounting principle were retrospectively applied, and therefore, comparative financial statements include a restatement of all prior periods presented for the following changes made to comply with the requirements of GASB 67.

PEBA administers a deferred retirement option program (DROP) under both the SCRS and JSRS plans. The DROP under SCRS is commonly referred to as the Teacher and Employee Retention Incentive (TERI) program. During the DROP participation period, each member's monthly retirement benefit accrues and the balance accumulates within the trust account. Upon termination of employment at the end of the DROP period, each retired member's funds are immediately due and payable. Monthly accruals were previously expensed and accordingly recorded as a deduction on the Statement of Changes in Plan Net Position. Similarly, the total amount of deferred retirement benefits that had accumulated but not yet been distributed at fiscal year-end were previously classified as a liability on the Statement of Plan Net position. According to paragraph 98 of GASB 67, "DROP balances, similar to other benefit payments, should be recognized as a pension plan liability only when ultimately due to the plan member". Further clarification is provided by question 37 in the GASB 67 implementation guide which states that "benefits generally would be considered due and payable only when they are required to be distributed to the plan member from the DROP account."

As a result of the preceeding, financial statements have been restated to report a liability only for benefits due but not yet distributed to members who had ended their participation in the DROP program at June 30. Likewise, deductions have been restated to include only DROP amounts actually distributed to participants as well as amounts due but not yet distributed.

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The cumulative effect of the restatement is as follows (amounts expressed in thousands). Fiscal year 2013 beginning of year net position restricted for pensions increased from \$24,979,105 to \$25,306,074, a difference of \$326,969. The fiscal year 2013 deferred retirement liability was reduced from \$468,781 to \$68,344, a decrease of \$400,437 and fiscal year 2013 deferred retirement expense was reduced from \$245,717 to \$172,249 a decrease of \$73,468. Fiscal year 2013 end of year net position restricted for pensions increased from \$26,500,376 to \$26,900,813 an increase of \$400,437.

GASB Statement No. 68, Accounting & Financial Reporting for Pensions, will be effective for fiscal years beginning after June 15, 2014, and will impact accounting and financial reporting requirements for employers participating in the pension plans administered by PEBA. GASB Statement No. 68 requires participating employers to report their proportionate share of the plan's net pension liability, pension expense, and deferred inflows and outflows of resources as well as additional note disclosures and required supplementary information. PEBA is working with the retirement plan's external actuaries and auditors to ensure that participating employers are provided with accurate and timely information in response to the requirements.

GASB 67 and 68 represent a break in the relationship between the accounting for and reporting of pensions and the funding of pensions. While the changes impact accounting and reporting requirements, they do not have an impact on the actuarial methods and assumptions being utilized by PEBA's Retirement Division and its external actuary in the determination of employer contribution rates required to fund the plan.

Reclassifications

Certain 2013 amounts have been reclassified in conformity with the 2014 presentation. These reclassifications had no effect on net position or changes therein.

Basis of Accounting

All funds are accounted for using the accrual basis of

accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

Administrative Expenses

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

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

Cash and Cash Equivalents

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

Contributions

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

Investments

The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005 as co-fiduciary for the Retirement Systems, has exclusive

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authority for investing and managing all assets held in trust for the South Carolina Retirement Systems. Funds of the Systems are invested subject to the terms, conditions, limitations, and restrictions imposed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310 (B) and Title 9 Chapter 16 of the South Carolina Code of Laws. The funds and assets of the various state retirement systems are not funds of the State, but are instead held in trust as provided in Section 9-16-20.

The RSIC is structured as a separate state agency reporting to a body of appointed Commissioners. The Commission is a seven-member board that includes the State Treasurer, the Executive Director of PEBA, and a retired member of the Systems. The Commission employs an Executive Director (ED) who serves as the agency head of the RSIC, reporting directly to the Commission, with functions and duties assigned by the Commission. The ED is the central source of authority and accountability for administrative decisions. In addition, the Commission employs a chief investment officer (CIO) who reports to the ED for day to day oversight and strategic planning objectives and who serves as the central source of authority and accountability for all investment decisions delegated to him or her by the Commission and state law. The Commission also engages an external investment consultant, who is accountable to the Commission to work collaboratively with RSIC staff to fulfill the duties of investing the Systems' portfolio.

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

The Commission has adopted a Statement of Investment Objectives and Policies (SIOP) in order to establish investment and performance objectives, policies

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

The Commission manages Systems' assets with a long-term horizon and seeks to earn the most appropriate risk-adjusted return in consideration of the specific goals, needs and circumstances of the Systems and in the exclusive interest of members of the Systems. Among the decisions the Commission can make, asset allocation has the most significant impact on the portfolio's return and risk profile and is reviewed annually as part of the development of the AIP. Based on the Commission's determination of the appropriate risk tolerance for the portfolio and its long-term return expectation, it authorized the following Policy Asset Allocation effective July 1, 2013, which includes target allocations and ranges for each asset class.

Asset Class	Target Asset		
	Allocation	Minimum	Maximum
Short Term	5.0%		
Cash	2.0%	0.0%	5.0%
Short Duration	3.0%	0.0%	6.0%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	4.0%	10.0%
Mixed Credit	6.0%*	3.0%	9.0%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.0%	6.0%
Emerging Markets Debt	6.0%*	3.0%	9.0%
Global Public Equity	31.0%*	25.0%	37.0%
Global Tactical Asset Allocation	10.0%*	7.0%	13.0%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%*	5.0%	11.0%
Private Debt	7.0%*	4.0%	10.0%
Private Equity	9.0%	6.0%	12.0%
Real Estate (Broad Market)	5.0%	2.0%	8.0%
Commodities	3.0%*	0.0%	6.0%

*Asset classes in which hedge funds can be used, up to a maximum of 15% across the entire portfolio.

Financial Section

At June 30, 2014, the Systems held no investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent 5 percent or more of the plans' fiduciary net position.

For the year ended June 30, 2014, the annual money weighted rate of return on plan investments was 15.30 percent. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

As a fiduciary acting on behalf of the Systems, the Commission enters into individual agreements with various investment managers to invest plan assets seeking superior long-term results at an acceptable level of risk. As of June 30, 2014, legal agreements were in place with 105 investment managers.

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

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

todian's pricing policy. Commingled funds, which may contain equity and/or fixed income securities are priced based upon the manager's pricing policy and a Net Asset Value (NAV) value is provided to the custodian. Private market investments typically utilize a limited partnership structure and private equity funds normally invest in companies that are not publicly traded on a stock exchange. The fair values of limited partnership investments are based on periodic valuations of the underlying companies of the limited partnerships. The fair values of alternative investments including private equity, private debt, hedge funds, real estate and commodities, for which daily market values are not readily ascertainable, are valued in good faith based on the most recent financial information available for the underlying companies and reported by the investment managers at the measurement date, adjusted for subsequent cash flow activities through June 30, 2014. The issue of valuation of investments is a joint responsibility of PEBA and RSIC. Staff from both offices serve on a joint valuation committee which oversees and reviews the valuations provided by the custodian and/or the external investment managers. The estimated fair value of these investments may differ from values that would have been used had a liquid public market existed.

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

While some investment managers submit invoices for their investment management fees, a significant number of investment managers provide account valuations on a net of fee basis. Those management fees are often netted against investment income and are not readily separable. The management fees reported on a net basis were historically included within "Net appreciation (depreciation) in fair value of invest-

ments” and were not included with invoiced fees as a separate investment expense in the financial statements until fiscal year 2013. The RSIC now collects, aggregates, and checks for reasonableness the netted investment fees in order to disclose fees that would not otherwise be readily separable. The RSIC provides the netted fee information to the Retirement Division of PEBA on an annual basis which is then reclassified and reported in the financial statements on the Investment expense line of the Statement of Changes in Fiduciary Net Position. This collection process is not standard practice for many plan sponsors but it does provide additional transparency into investment costs. The investment expense line item includes both investment manager invoiced fees and netted fee amounts that are not necessarily readily separable. The RSIC made a good faith attempt to disaggregate amounts, as well as other miscellaneous investment fees, commissions on futures, bank fees, and RSIC administrative costs. Total investment fees include: management fees (less any reductions for offsets/rebates), performance fees (including carried interest allocations), and other expenses such as organizational expenses in limited partnership structures.

Capital Assets

Capital Assets are valued at historical cost or at estimated historical cost if actual historical cost data is not available. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend the asset’s useful life are not capitalized. An individual asset is capitalized and reported if it has an estimated useful life of at least two years and a historical cost as follows: more than \$5 thousand for machinery and equipment; more than \$100 thousand for buildings. All land and non-depreciable land improvements are capitalized and reported, regardless of cost. Depreciation is recorded using the straight line method over the useful life of 40 years for the building and a useful life of 2 to 25 years for equipment. Land is not depreciated.

II. Contributions and Reserves

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

After June 30, 2015, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

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Following are the employee and employer contribution rates applicable for fiscal year 2014:

System	Member Rate	Employer Rate
SCRS	7.5%	10.60%
PORS	7.84%	12.84%
GARS ¹	11%	\$4,063,000
JSRS	10%	47.97%
SCNG	Non-contributory	\$4,585,560

¹Employer contributions are actuarially determined and include incidental death benefits.

Employer contributions for the SCNG are provided by state appropriations based on the annual required contribution determined by the Systems' actuary on an annual basis.

In accordance with South Carolina State Statute, an additional employer contribution surcharge of 4.92 percent of covered payroll was added to the contribution rate applicable to state and local governments, and public school entities covered by the state's retiree health and dental insurance benefits. This assessment is for the purpose of providing retiree health and dental insurance coverage and is not a part of the actuarially established contribution rates for retirement funding purposes. Functioning as a collecting agent, SCRS and PORS collected (amounts expressed in thousands) \$357,756 and \$19,389 respectively in retiree insurance surcharges (\$57,384 of which was applicable to the State ORP) and remitted these funds to the South Carolina Retiree Health Insurance Trust Fund.

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

The **Employer Fund** is credited with all employer retirement contributions and investment earnings of the Employee and Employer Funds. Upon retirement, all member account balances and contributions are transferred to the Employer Fund as all annuities and administrative expenses of the Systems are paid from

this fund. Annual state appropriations to the SCNG are also credited to the Employer Fund to provide funding for the payment of annuities and administrative expenses.

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

The **Death Benefit Fund**, an incidental death program within SCRS and PORS, is the fund to which participating employers contribute for the purpose of providing a death benefit to active and retired members of the Systems. Employer contributions and investment earnings are credited to this fund. Death benefit payments and administrative expenses are paid from this fund. The assets in the Death Benefits Fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds.

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

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The **Qualified Excess Benefit Arrangement (QEBA) Fund** is the fund from which annuity benefits are paid when a benefit recipient exceeds IRC Section 415(b) limits on the amount an individual may receive annually from a qualified defined benefit pension plan.

Employer contributions are credited to this fund on an as-needed basis in an amount equivalent to the amount of funds necessary to pay benefits out of the QEBA fund due to IRC Section 415(b) limitations.

Balances in the respective reserves at June 30, 2014, were as follows (amounts expressed in thousands):

	SCRS	PORS	GARS	JSRS	SCNG	Total
Employee Fund	\$ 6,717,327	\$ 850,383	\$ 7,358	\$ 22,926	\$ -	\$ 7,597,994
Employer Fund	18,892,695	3,048,748	26,676	124,570	22,558	22,115,247
Death Benefit Fund	128,499	36,995				165,494
Accidental Death Fund		48,976				48,976
QEBA Fund	-	-	-	-	-	-
	<u>\$ 25,738,521</u>	<u>\$ 3,985,102</u>	<u>\$ 34,034</u>	<u>\$ 147,496</u>	<u>\$ 22,558</u>	<u>\$ 29,927,711</u>

III. Deposits and Investments

Deposit and Investment Risk Disclosures

The tables presented on Pages 51-54 include disclosures of credit and interest rate risk in accordance with Governmental Accounting Standards Board Statement 40 and are designed to inform financial statement users about investment risks which could affect the Systems' ability to meet its obligations. These tables classify investments by risk type, while the financial statements disclose investments by asset class. The table amounts were provided by the custodian bank and agree to the Statement of Fiduciary Net Position.

Custodial Credit Risk

Deposits

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

The total amount of the Systems' deposits at June 30, 2014, was as follows (amounts expressed in thousands):

	<u>Carrying Amount</u>
SCRS	\$ 36,214
PORS	3,089
GARS	58
JSRS	73
SCNG	49
Total	<u>\$ 39,483</u>

Actual bank balances at June 30, 2014, totaled \$40,524 (expressed in thousands).

Investments

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

The table on the following page presents the fair value of investments as of June 30, 2014:

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Statement of Invested Assets

June 30, 2014

(Amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Type</u>	<u>Fair Value</u>
Short Term Investments		Fixed Income Allocation	
Short Term Investment Funds (U.S. Regulated)	\$ 630,452	Domestic Fixed Income	
Repurchase Agreements	595,564	U.S. Government:	
Commercial Paper	515,444	U.S. Government Treasuries ¹	\$ 1,689,245
U.S. Treasury Bills	100	U.S. Government Agencies	910,693
Strategic Partnership Short Duration	707,944	Mortgage Backed:	
Options - Cash	(35)	Government National Mortgage Association	123,671
Total Short Term Investments	\$ 2,449,469	Federal National Mortgage Association	195,006
		Federal Home Loan Mortgage Association	26,589
Equity Allocation		Federal Home Loan Mortgage Association (Multiclass)	1,613
Domestic Equity		Collateralized Mortgage Obligations	3,696
Common Stocks	\$ 2,467,244	Municipals	50,180
Real Estate Investment Trusts	22,115	Corporate:	
Preferred	26,268	Corporate Bonds	1,630,666
Convertible Preferred	3,121	Mixed Credit	496,748
Options - Domestic Equity	(1)	Convertible Bonds	3,492
Futures - Domestic Equity	17,593	Asset Backed Securities	51,625
Swaps - Domestic Equity	(7,580)	Private Placements	512,277
Global Equity	3,811,477	Yankee Bonds	23,989
Futures - Global Equity	(821)	Options - Domestic Fixed Income	(35)
Total Equity	\$ 6,339,416	Futures - Domestic Fixed Income	3
		Swaps - Domestic Fixed Income	5,068
Global Tactical Asset Allocation ²	\$ 2,119,233	Global Fixed Income:	
Commingled Funds Balanced	\$ 2,119,233	International Asset Backed	3,099
		International Commingled Funds	1,103,526
Alternatives ³		International Corporate Bonds	2,276
Commodities - Futures Contracts	\$ 1,923	International Emerging Debt	955,968
Hedge Funds	3,754,026	International Government Bonds	408,846
Private Debt/Opportunistic Credit	1,686,839	International Private Placements	3,846
Private Equity Limited Partnerships	2,706,847	Options - Global Fixed Income	(27)
Real Estate	1,106,705	Futures - Global Fixed Income	499
Total Alternative Investments	\$ 9,256,340	Swaps - Global Fixed Income	1,404
		Total Fixed Income	\$ 8,203,963
Total Invested Assets			\$ 28,368,421
Invested Securities Lending Collateral			\$ 72,645

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

Total Invested Assets	\$ 28,368,421
Short Term Investments classified as Cash & Cash Equivalents on Statement of Fiduciary Net Position:	
Short Term Investment Funds (U.S. Regulated)	(630,452)
Repurchase Agreements	(595,564)
Commercial Paper	(387,609)
U.S. Treasury Bills	(12)
Options - Cash	35
Total Investments on Statement of Fiduciary Net Position	\$ 26,754,819

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

²Global Tactical Asset Allocation has been moved from Alternatives category for FY 2014.

³Derivative investments such as options, futures and swaps have been moved from Alternatives to the category to which they pertain for FY 2014.

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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the RSIC has no formal interest rate risk policy, interest rate risk is observed within the portfolio using effective duration (option adjusted duration), which is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 100 basis point change in interest rates. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. Investment guidelines may specify the degree of interest rate risk taken versus the benchmark within each fixed income portfolio. Disclosures for interest rate risk at June 30, 2014, are noted below (amounts expressed in thousands):

<u>Investment Type</u>	<u>Fair Value Total</u>	<u>Fair Value Duration Not Available</u>	<u>Fair Value Duration Available</u>	<u>Effective Duration (option adjusted duration)</u>
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	\$ 630,452	\$ -	\$ 630,452	0.08
Repurchase Agreements	668,209	72,645	595,564	0.08
Commercial Paper	515,444		515,444	0.07
U. S. Treasury Bills	100		100	0.31
Strategic Partnership Short Duration	707,944		707,944	1.21
Options - Cash	(35)	30	(65)	0.28
Total Short Term Investments	2,522,114	72,675	2,449,439	
Equity Allocation				
Preferred	26,268	361	25,907	7.04
Convertible Preferred	3,121	3,121		
Futures - Domestic Equity	17,593	17,593		
Futures - Global Equity	(821)	(821)		
Total Equity Investments	46,161	20,254	25,907	
Fixed Income Allocation				
U. S. Government:				
U.S. Government Treasuries	1,689,245		1,689,245	5.13
U. S. Government Agencies	910,693	1,421	909,272	1.42
Mortgage Backed:				
Government National Mortgage Association	123,671		123,671	3.42
Federal National Mortgage Association	195,006		195,006	4.01
Federal Home Loan Mortgage Association	26,589		26,589	4.70
Federal Home Loan Mortgage Association (FHLMC Multiclass)	1,613		1,613	0.98
Collateralized Mortgage Obligations	3,696		3,696	4.41
Municipals	50,180		50,180	9.83
Corporate:				
Corporate Bonds	1,630,666	112,462	1,518,204	3.50
Mixed Credit	496,748	2,625	494,123	3.05
Convertible Bonds	3,492		3,492	4.41
Asset Backed Securities	51,625	3,291	48,334	1.08
Private Placements	512,277	10,526	501,751	2.82
Yankee Bonds	23,989		23,989	2.70
Options - Domestic Fixed Income	(35)		(35)	(721.48)
Futures - Domestic Fixed Income	3	(113)	116	16.40
Swaps - Domestic Fixed Income	5,068	(247)	5,315	1.37
Global Fixed Income:				
International Asset Backed Securities	3,099		3,099	0.38
International Commingled Funds	1,103,526		1,103,526	5.49
International Corporate Bonds	2,276		2,276	0.05
International Emerging Debt	955,968	426,949	529,019	4.32
International Government Bonds	408,846	20,932	387,914	6.56
International Private Placements	3,846		3,846	0.30
Options - Global Fixed Income	(27)	(27)		
Futures - Global Fixed Income	499		499	7.32
Swaps - Global Fixed Income	1,404		1,404	(17.87)
Total Fixed Income	8,203,963	577,819	7,626,144	
Alternatives				
Commodity Futures	1,923	1,923		
Total Alternatives	1,923	1,923		
Totals	\$ 10,774,161	\$ 672,671	\$ 10,101,490	
Total Portfolio Effective Duration (option adjusted duration)				3.17

Financial Section

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Systems. As a matter of practice, there are no overarching limitations for credit risk exposures within the overall fixed income portfolio. Each individual portfolio within fixed income is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and average credit quality. Within high yield portfolios, a quality rating of lower than C is not permissible in any of the fixed income guidelines except in those circumstances of downgrades subsequent to purchase, in which case the investment manager is responsible for communicating the downgrade to the Commission's consultant and staff. The Systems' fixed income investments were rated by Moody's and are presented below:

South Carolina Retirement Systems Credit Risk - Moody's Quality Ratings June 30, 2014 (Amounts expressed in thousands)

Investment Type and Fair Value	AAA	AA	A	BAA	BA	B	CAA	CA	NR ¹
Short Term Investments									
Short Term Investment Funds (U. S. Regulated)	\$ 630,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Repurchase Agreements									668,209
Commercial Paper		44,969		324,808					145,667
Strategic Partnership Short Duration									707,944
Options - Cash									(35)
Equity Investments									
Preferred				5,455	897	2,081			17,835
Convertible Preferred				1,270					1,851
Futures - Domestic Equity									17,593
Futures - Global Equity									(821)
Fixed Income Allocation²									
Mortgage Backed:									
Federal National Mortgage Association	195,006								
Federal Home Loan Mortgage Association (Multiclass)	1,613								
Federal Home Loan Mortgage Association	26,589								
Collateralized Mortgage Association	3,696								
Municipals		32,262	12,509						5,409
Corporate:									
Corporate Bonds	27,105	78,311	322,003	506,283	266,027	205,820	63,508		161,609
Mixed Credit									496,748
Convertible Bonds									3,492
Asset Backed Securities	23,554	3,420	2,710	3,291	15				18,635
Private Placements	127,090	16,871	58,236	38,294	53,697	80,222	46,615	188	91,064
Yankee Bonds			18,925	1,916	3,148				
Options - Domestic Fixed Income									(35)
Futures - Domestic Fixed Income									3
Swaps - Domestic Fixed Income									5,068
Global Fixed Income:									
International Asset Backed	1,865								1,234
International Commingled Funds									1,103,526
International Corporate Bonds		2,276							
International Emerging Debt					138,324				817,644
International Government Bonds	17,792	5,867	35,565	268,326	29,429		38,358		13,509
International Private Placements	1,851			1,995					
Options - Global Fixed Income									(27)
Futures - Global Fixed Income									499
Swaps - Global Fixed Income									1,404
Alternatives									
Futures Contracts									1,923
	<u>\$1,056,613</u>	<u>\$ 183,976</u>	<u>\$449,948</u>	<u>\$1,151,638</u>	<u>\$491,537</u>	<u>\$288,123</u>	<u>\$148,481</u>	<u>\$ 188</u>	<u>\$4,279,948</u>

¹NR represents securities that were either not rated or had a withdrawn rating.

²U. S. Government guaranteed securities with a fair value of \$2.72 billion are not included in the above table because they are not subject to credit risk.

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Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Systems' policy for reducing this risk is to comply with the Statement of Investment Objectives and Policies as amended and adopted by the Commission which states that "except that no limitations on issues and issuers shall apply to obligations of the U.S. Government and Federal Agencies, the domestic fixed income portfolio shall contain no more than 6 percent exposure to any single issuer." As of June 30, 2014, there is no single issuer exposure within the portfolio that comprises 5 percent or more of the overall portfolio. Therefore, there is no concentration of credit risk.

Foreign Currency Risk

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

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars at June 30, 2014, (amounts expressed in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Futures Contracts	Private Equity	Private Debt	Fixed Income	Equity
Australian Dollar	\$ (4,158)	\$ 129,744	\$ (1,353)	\$ -	\$ -	\$ 17,516	\$ -
Brazil Real		(38,253)				47,549	
British Pound Sterling	(3,041)	439,311	(856)				26,132
Canadian Dollar	8,465	187,867	2,006				2,043
Euro Currency	17,380	701,405	(9,102)	203,344	3,185	36,769	48,648
Hong Kong Dollar	468	63,280	648				19,098
Japanese Yen	17,487	525,650	8,647			(783)	52,918
New Mexico Peso	54	(85)				155	
South Korean Won		10,619					
Swedish Krona	(11)	60,431	(377)				
Swiss Franc							35,416
Totals	\$ 36,644	\$ 2,079,969	\$ (387)	\$ 203,344	\$ 3,185	\$ 101,206	\$ 184,255

Derivatives

Derivatives are financial instruments for which the value is derived from underlying assets or data. All of the Systems' derivatives are considered investments. Excluding futures, derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. Through certain collective trust funds, the Systems may invest in various derivative financial instruments such as futures and options thereon; forward foreign currency contracts; options; interest rate, currency, equity, index, credit default, and total return swaps; interest-only strips; and CMOs to enhance the performance and reduce volatility. The Systems' deriva-

tives, consisting of futures, options, forward contracts and swaps are presented in the tables on Pages 55-59. Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

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

- Asset Allocation: In many cases, synthetic exposures (using derivatives) are placeholders un-

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til managers are hired and funded. In time, the Commission may substitute traditional managers for much of the synthetic exposure currently in the portfolio. Efficient Market Theory dictates that in some asset classes, synthetics are the best way to achieve exposure.

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

Futures

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and trade on an organized exchange with gains and losses settled daily thereby significantly reducing credit and default risk. Gains and losses are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. To comply with the requirements of multiple exchanges, cash and securities in the amount of \$154.922 and \$48.383 million respectively were held in trust by the clearing brokers on June 30, 2014, to satisfy the required margin to trade in exchange traded derivatives and the over the counter market.

The tables below presents classification information on the Systems' derivatives at June 30, 2014, (amounts expressed in thousands):

Changes in Fair Value		
	Classification	Gain/(Loss)
Futures Contracts	Net appreciation/(depreciation)	\$ 67,818
Forward Contracts	Net appreciation/(depreciation)	82,131
Swaps	Net appreciation/(depreciation)	68,998
Options	Net appreciation/(depreciation)	1,050

	Fair Value			
	Forward Contracts	Futures	Options	Swaps
Cash & Cash Equivalents	\$ 23,276	\$ -	\$ (35)	\$ -
Domestic Fixed Income		3	(35)	5,068
Global Fixed Income		499	(27)	1,404
Domestic Equity		17,593	(1)	(7,580)
Global Equity		(821)		
Alternatives		1,923		
	\$ 23,276	\$ 19,197	\$ (98)	\$ (1,108)

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At June 30, 2014, the Systems had the following exposure via futures contracts (dollar amounts expressed in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value¹
Amsterdam Index Future	July	Long	542	\$ 61,333
CAC 40 Euro Index Future	July	Long	3,376	204,396
DAX Index Future	September	Long	581	196,075
DJ EURO STOXX Index 50 Future	September	Long	4,868	215,414
FTSE 100 Index Future	September	Long	3,550	407,356
FTSE/MIB Index Future	September	Long	339	49,438
Hang Seng Index Future	July	Long	449	66,924
IBEX 35 Index Future	July	Long	473	70,301
OMXS 30 Index Future	July	Long	2,948	60,831
S&P/TSE 60 Index Future	September	Long	1,236	200,447
SPI 200 Index Future	September	Long	1,163	146,927
TOPIX Index Future	September	Long	3,190	397,549
Total Global Equity				<u>2,076,991</u>
S&P 500 EMINI Future	September	Long	15,388	1,502,177
Total Large Cap Equity				<u>1,502,177</u>
US Treasury Bond Future	September	Short	(18)	(2,469)
US Treasury Bond Future	September	Long	294	40,333
US Treasury Note 10 Year Future	September	Long	208	26,036
US Treasury Note 2 Year Future	September	Short	(141)	(30,963)
US Treasury Note 2 Year Future	September	Long	242	53,142
US Treasury Note 5 Year Future	September	Long	316	37,749
US Treasury Note Future	September	Long	245	30,667
US Ultra Bond Future	September	Long	34	5,098
USD IRS 10 Year PRIM Future	September	Short	(121)	(12,707)
Total Domestic Fixed Income				<u>146,886</u>
Australian 10 Year Bond Future	September	Short	(578)	(65,723)
EURO-BOBL Future	September	Long	191	33,507
EURO-BUND Future	September	Long	693	139,486
EURO-OAT Future	September	Short	(238)	(45,793)
EURO-SCHATZ Future	September	Long	83	12,575
Japan 10 Year Bond Future	September	Long	98	140,898
UK Long GILT Future	September	Long	159	29,884
Total Global Fixed Income				<u>244,834</u>
Gold 100 OZ Future	August	Long	309	40,850
Total Commodities				<u>40,850</u>
Total				<u><u>\$ 4,011,738</u></u>

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

Financial Section

Forwards

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

the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

At June 30, 2014, the Systems had the following forward exposures, listed by counterparty (amounts expressed in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Bank of America	\$ 30,024	\$ (12)	0.71%
Barclays London	617,336	6,987	14.50%
BNP Paribas	209,539	(3,149)	4.92%
BNY Mellon	604,344	7,039	14.19%
Chase Manhattan NA	5,122	(1)	0.12%
Citibank NA	316,554	(1,579)	7.44%
Credit Suisse International London	623,331	6,896	14.64%
Deutsche Bank London	6,198	(4)	0.15%
Goldman Sachs	542,731	(6,487)	12.75%
HSBC Bank USA	607,864	7,053	14.28%
JP Morgan Chase Bank	2,494	(5)	0.05%
Royal Bank of Canada	14,832	(47)	0.35%
Societe Generale	13,618	(301)	0.32%
State Street Capital	605	(6)	0.01%
UBS AG	61,813	(146)	1.45%
Westpac Banking Corporation	601,106	7,038	14.12%
Totals	\$ 4,257,511	\$ 23,276	100.00%

Swaps

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

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

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

Financial Section

The table below reflects the counterparty credit ratings at June 30, 2014, for currency forwards, and swap agreements, and options (amounts in thousands):

Quality Rating	Forwards	Swaps	Options	Total
Aaa	\$ -	\$ -	\$ 83	\$ 83
Aa1	13,881	3,057		16,938
Aa3	7,533	239		7,772
A1	2,325	1,625	(76)	3,874
A2	(463)	(10,294)	(1)	(10,758)
Baa1		5	(39)	(34)
NR		490		490
Total subject to credit risk	\$ 23,276	\$ (4,878)	\$ (33)	\$ 18,365
Centrally cleared:				
Chicago Mercantile Exchange Inc		3,770		3,770
London International Futures and Options Exchange			(65)	(65)
Total not subject to credit risk	\$	\$ 3,770	\$ (65)	\$ 3,705
Totals	\$ 23,276	\$ (1,108)	\$ (98)	\$ 22,070

At June 30, 2014, the Systems held swaps as shown in the tables below (amounts expressed in thousands):

Counterparty	Total Return Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Gain (Loss) Since Trade
Societe Generale	DJ-UBS Roll Select TR Index Pr	3 Month T-Bill + 12 bps	DJ-UBS Commodities TR	8/29/2014	\$ 241,956	\$ 9,783
JP Morgan	JPM Enhanced Beta DJUBS Proxy	3 Month T-Bill + 16.9 bps	DJ-UBS Commodities TR	2/27/2015	255,481	5,481
Societe Generale	DJUBS Pre-Roll Excess Return	13 bps	DJ-UBS Commodities TR	3/31/2015	100,742	742
Goldman Sachs	Russell 2000 Proxy (Short)	Russell 2000 Total Index Return	3 Month US LIBOR - 49 bps	10/8/2014	(313,790)	(13,974)
			Total		\$ 284,389	\$ 2,032

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value ¹
Bank of America NA	Credit Default Swaps	Variable Rate	Fixed Rate	Various	\$ 4,799	\$ 68
Barclays Bank PLC	Credit Default Swaps	Fixed / Variable Rate	Fixed / Variable Rate	Various	3,062	246
BNP Paribas Securities Corp	Credit Default Swaps	Fixed Rate	Variable Rate	Various	2,500	(17)
Citibank NA	Credit Default Swaps	Fixed / Variable Rate	Fixed / Variable Rate	Various	8,048	1,568
Deutsche Bank AG/London	Credit Default Swaps	Variable Rate	Fixed Rate	Various	1,599	47
Goldman Sachs Bank USA	Credit Default Swaps	Fixed Rate	Variable Rate	Various	4,000	(7)
Goldman Sachs International	Credit Default Swaps	Variable Rate	Fixed Rate	Various	4,993	190
HSBC Securities Inc	Credit Default Swaps	Variable Rate	Fixed Rate	Various	1,400	3
JP Morgan Chase Bank NA	Credit Default Swaps	Variable Rate	Fixed Rate	Various	1,676	131
Morgan Stanley Capital Services LLC	Credit Default Swaps	Variable Rate	Fixed Rate	Various	5,900	490
Royal Bank of Scotland PLC	Credit Default Swaps	Variable Rate	Fixed Rate	Various	1,700	5
Citibank NA	Interest Rate Swaps	Variable Rate	Fixed Rate	Various	2,076	70
Chicago Mercantile Exchange Inc	Interest Rate Swaps	Fixed / Variable Rate	Fixed / Variable Rate	Various	385,913	3,770
Deutsche Bank AG/London	Interest Rate Swaps	Variable Rate	Fixed Rate	Various	5,427	154
			Totals		\$ 433,093	\$ 6,718

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

Financial Section

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. At June 30, 2014, the Systems had the following option positions (amounts expressed in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Put Sep 14 097.750 ED 09/12/14	EURO\$ 2YR MID-CRV FUT SEP 16	September	696	\$ 30
Call Dec 14 099.500 ED 12/15/14	3MO EURO EURIBOR FUTURE (LIF)	December	(1,116)	(64)
Put Dec 14 099.500 ED 12/15/14	3MO EURO EURIBOR FUTURE (LIF)	December	558	(1)
Total Cash & Cash Equivalents				(35)
Put Oct 20 000.980 ED 10/13/20	INF FLR CPURNSA 218.011	October	558	(1)
Total Domestic Equity				(1)
Put Aug 14 123.000 ED 07/25/14	US 10YR TREAS NTS FUT SEP 14	July	(55)	(52)
Put Aug 14 124.000 ED 07/25/14	US 10YR TREAS NTS FUT SEP 14	July	(55)	96
Put Aug 14 122.000 ED 07/25/14	US 10YR TREAS NTS FUT SEP 14	July	(2,100,000)	9
Put Sep 15 002.500 ED 09/21/15	IRS R US0003M P 2.5% 9/23/20	September	(35,600,000)	(536)
Put Sep 15 002.500 ED 09/21/15	IRS P US0003M R 3ML 2.5% CBK	September	(35,000,000)	(310)
Put Sep 15 003.450 ED 09/21/15	IRS R US0003M P 3.45% 09/23/45	September	(20,200,000)	498
Put Sep 15 003.450 ED 09/21/15	IRS R US0003M P 3.45% CBK	September	8,400,000	260
Total Domestic Fixed Income				(35)
Put Sep 14 000.950 ED 09/17/14	CDS SP UL ITRAXX MAIN21 V1 5YR	September	4,400,000	(27)
Total Global Fixed Income				(27)
Total				\$ (98)

Alternative Investments

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

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

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

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

Financial Section

Commitments

The Commission, on behalf of the Systems, has entered into contractual agreements with numerous alternative investment managers and is committed for future funding of private equity, private debt/opportunistic credit and real estate investments. At June 30, 2014, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts expressed in thousands):

	Total Commitment	Amount Funded To Date	Remaining Unfunded Commitment
Limited Partnerships USD			
Private Equity	\$ 3,946,641	\$ 2,994,971	\$ 951,670
Private Debt/Opportunistic Credit	3,388,016	2,726,569	661,447
Real Estate	1,705,890	1,264,237	441,653
Real Assets	30,000	24,439	5,561
Totals	\$ 9,070,547	\$ 7,010,216	\$ 2,060,331
Limited Partnerships Euros			
Private Equity	€ 200,750	€ 154,916	€ 45,834
Private Debt/Opportunistic Credit	75,917	75,917	
Totals	€ 276,667	€ 230,833	€ 45,834

Securities Lending

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

There are no restrictions on the amount of securities that may be loaned and conservative investment guidelines continue to be maintained within the Securities Lending Program. The re-investment of the cash collateral is restricted to short duration, very low risk securities and is monitored by RSIC on an ongoing basis. The types of securities available for loan during the year ended June 30, 2014 included U.S. Government

securities, U.S. Government agencies, corporate bonds and equities. The contractual agreement between the State Treasurer as custodian and BNY Mellon provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash and U.S. Government securities are received as collateral for these loans. Collateral securities cannot be pledged or sold without a borrower default. Cash collateral received is invested, and accordingly, investments made with cash collateral are reported as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan.

At June 30, 2014, the fair value of securities on loan was \$118.70 million. The fair value of the invested cash collateral was \$72.64 million, securities lending obligations were \$121.31 million with the difference reported within "Other Liabilities" on the Statement of Fiduciary Net Position. The gross securities lending revenue for the fiscal year was \$1.7 million, a decrease from \$2.5 million in the prior year. Since November 2008, gains and losses from the Securities Lending Program have been excluded from the Total Plan performance calculations.

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With regard to counterparty credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding was one day. The average weighted maturity of investments made with cash collateral was one day. At June 30, 2014, there had been no losses resulting from borrower defaults and the Systems had no credit

risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (amounts expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2014:

	SCRS	PORS	GARS	JSRS	SCNG	6/30/14 TOTALS	6/30/13 TOTALS
Securities lent for cash collateral:							
U.S. Government securities	\$ 4,109	\$ 634	\$ 5	\$ 23	\$ 4	\$ 4,775	\$ 44,127
Corporate bonds	47,772	7,373	60	270	38	55,513	51,195
Common stock	50,264	7,758	63	283	41	58,409	77,107
Total	<u>\$ 102,145</u>	<u>\$ 15,765</u>	<u>\$ 128</u>	<u>\$ 576</u>	<u>\$ 83</u>	<u>\$ 118,697</u>	<u>\$ 172,429</u>
Securities lent for non-cash collateral:							
Corporate bonds	\$ 12,613	\$ 1,947	\$ 16	\$ 71	\$ 10	\$ 14,657	\$ 47
Common stock	3,482	537	4	20	3	4,046	2,834
Total	<u>\$ 16,095</u>	<u>\$ 2,484</u>	<u>\$ 20</u>	<u>\$ 91</u>	<u>\$ 13</u>	<u>\$ 18,703</u>	<u>\$ 2,881</u>
Cash collateral invested as follows:							
Repurchase agreements	\$ 62,515	\$ 9,648	\$ 78	\$ 353	\$ 51	\$ 72,645	\$ 106,633
Total	<u>\$ 62,515</u>	<u>\$ 9,648</u>	<u>\$ 78</u>	<u>\$ 353</u>	<u>\$ 51</u>	<u>\$ 72,645</u>	<u>\$ 106,633</u>
Securities received as collateral:							
U.S. Government securities	\$ 16,617	\$ 2,565	\$ 21	\$ 94	\$ 14	\$ 19,311	\$ 3,141
Total	<u>\$ 16,617</u>	<u>\$ 2,565</u>	<u>\$ 21</u>	<u>\$ 94</u>	<u>\$ 14</u>	<u>\$ 19,311</u>	<u>\$ 3,141</u>

Financial Section

IV. Capital Assets

Capital assets at June 30, 2014, consist of the following amounts (expressed in thousands).

Asset Class (at Cost)	Beginning Balances	Additions	Deletions	Ending Balances
	7/1/2013			6/30/2014
Land	\$ 582	\$ -	\$ -	\$ 582
Building	4,749			4,749
Equipment	1,704	56	(54)	1,706
Total Capital Assets	7,035	56	(54)	7,037
Accumulated Depreciation				
Building	2,466	119		2,585
Equipment	1,486	108	(54)	1,540
Total Accumulated Depreciation	3,952	227	(54)	4,125
Capital Assets, Net	<u>\$ 3,083</u>	<u>\$ (171)</u>	<u>\$ -</u>	<u>\$ 2,912</u>

V. Transfers Between Systems

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

Transfers made within the Systems administered by PEBA during the fiscal year ended June 30, 2014, were as follows (amounts expressed in thousands):

Transfers from	Transfers to					Totals
	SCRS	PORS	GARS	JSRS	SCNG	
SCRS	\$ -	\$ 2,260	\$ 15	\$ 195	\$ -	\$ 2,470
PORS						
GARS						
JSRS						
SCNG						
Totals	<u>\$ -</u>	<u>\$ 2,260</u>	<u>\$ 15</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 2,470</u>

The following schedule reflects amounts due to or due from other systems as of June 30, 2014, (amounts expressed in thousands):

Due from	Due to					Totals
	SCRS	PORS	GARS	JSRS	SCNG	
SCRS	\$ -	\$ 949	\$ -	\$ -	\$ -	\$ 949
PORS	269					269
GARS						
JSRS						
SCNG						
Totals	<u>\$ 269</u>	<u>\$ 949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,218</u>

VI. Related Party Transactions

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

Financial Section

At June 30, 2014, liabilities of approximately \$54.2 million were due to other state departments and agencies, and contributions receivable of approximately \$40 million were due from other state departments and agencies.

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

The Retirement System Investment Commission is a separate state agency; however, the administrative costs of the Commission are funded by transfers from the Systems' trust funds. Transfers in the amount of approximately \$11 million were made to the Commission during the fiscal year.

VII. Deferred Retirement Option Plans

The Teacher and Employee Retention Incentive (TERI) program, implemented effective January 1, 2001, is a deferred retirement option plan available to active SCRS members eligible for service retirement on or after January 1, 2001. When a member enters TERI, the member's status changes from an active member to a retiree even though the employee continues to work at his regular job and earn his regular salary for a period of up to five years. TERI participants continue to contribute at the same rate as active members. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. During the TERI participation period, the retiree's monthly benefits are accumulated in the trust

account. Upon termination of employment at the end of the TERI period, funds are distributed and the retiree may elect a payment method to either roll over his funds into a qualified retirement plan or to receive a single-sum distribution (or a combination thereof). No interest is paid on the participant funds accumulated in the TERI account. Retirement reform legislation closes the TERI program to all members effective June 30, 2018.

A total of 9,644 members were actively participating in the TERI program at June 30, 2014. The activity for this program is reflected in the following schedule:

TERI Benefits Held in Trust **Year Ended June 30, 2014** *(Amounts expressed in thousands)*

July 1 Benefits Held in Trust	\$ 468,074
Additions	281,756
TERI Distributions	(179,663)
June 30 Benefits Held in Trust	\$ 570,167

A deferred retirement option plan also exists under the Retirement System for Judges and Solicitors (JSRS). A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor, or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the system's trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2014, there were no benefits held in trust in JSRS.

Financial Section

VIII. Net Pension Liability

The total pension liability of each defined benefit pension plan summarized below was determined based on the most recent actuarial valuation, which was conducted using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedule is based on the certification provided by our consulting actuary, Gabriel, Roeder, Smith and Company. A Schedule of the Employers' Net Pension Liability is intended to provide information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. This schedule as well as a Schedule of Changes in Employers' Net Pension Liability is presented in the Required Supplementary Information (RSI) section.

The net pension liability (i.e. the Systems' total pension liability determined in accordance with GASB No. 67 less the fiduciary net position) as of June 30, 2014, is as follows (amounts expressed in thousands):

System	(1) Total Pension Liability	(2) Plan Fiduciary Net Position	(3) Employers' Net Pension Liability (1)-(2)	(4) Plan Fiduciary Net Position as a % of the Total Pension Liability (2)/(1)
SCRS	\$ 42,955,206	\$ 25,738,521	\$ 17,216,685	59.9%
PORS	5,899,529	3,985,102	1,914,427	67.5%
GARS	74,787	34,034	40,753	45.5%
JSRS	264,732	147,496	117,236	55.7%
SCNG	61,530	22,558	38,972	36.7%

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed in 2011, and the next experience study is scheduled to be conducted in 2016.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for each of the individual plans administered by PEBA.

	SCRS	PORS	GARS	JSRS	SCNG
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Actuarial assumptions:					
Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%	None	3%	None
Includes inflation at	2.75%	2.75%	2.75%	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500	None	3%	None

Financial Section

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

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

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market outlook at the end of the third quarter 2012. The long-term expected rate of returns represent best estimates of arithmetic real rates of return for each major asset class and were developed using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted for fiscal year 2014. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	100.0%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

Financial Section

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

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

Discount Rate Sensitivity Analysis (Amounts expressed in thousands)

System	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SCRS	\$ 22,279,455	\$ 17,216,685	\$ 12,992,882
PORS	2,675,363	1,914,427	1,284,817
GARS	47,373	40,753	35,077
JSRS	146,229	117,236	92,716
SCNG	46,386	38,972	32,838

IX. Death Benefit Program

In addition to monthly pension benefits provided through the Systems, a death benefit program is available to employers. For participating employers, incidental death benefits are provided for both active and retired members. These benefits are funded through separate death benefit programs within SCRS and PORS on a cost-sharing, multiple-employer basis. The assets in the death benefits fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds. Coverage is provided to eligible active and retired working members as well as non-working retirees under the governing statute. Funding for the plans is collected as a percent of covered payroll as determined by the Systems' actuary and approved by the governing board. The current employer contribution rates for the programs are 0.15 percent and 0.20 percent of payroll for SCRS and PORS respectively. These contributions fund both the active and retiree death benefits.

Active Death Benefits

Upon the death of an SCRS or PORS contributing member in service who had at least one full year of membership or who died as a result of an injury arising in the course of performing his duties regardless of length of membership, an incidental death benefit equal to the annual earnable compensation of the

member at the time of death is payable apart and separate from the payment of pension benefits.

Retiree Death Benefits

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

Members who work after retirement by either participating in the TERI program or by returning to covered employment as a working retiree are eligible for an increased level of death benefits. Beneficiaries of working retirees are provided with a death benefit equal to the amount of the member's annual earnable compensation in lieu of the standard \$2,000, \$4,000 or \$6,000 retired member benefit.

All benefits provided by the Systems are included in the actuarial valuation, including the incidental death benefit program for SCRS, PORS, GARS and JSRS. The July 1, 2013, actuarial valuations reflect the inclusion of the assets and liabilities of the incidental death benefit program and accidental death benefits for PORS.

X. Litigation

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

Gail M. Hutto et al. v. The South Carolina Retirement System et al., C/A No. 4:10-cv-02018-JMC, is a putative class action suit that was filed in federal district court in August 2010. In this matter, Plaintiffs asserted that the provisions of Act No. 153 of 2005 of the South Carolina General Assembly requiring working retirees in the South Carolina Retirement System (SCRS) and the South Carolina Police Officers’ Retirement System (PORS) to make contributions to the systems are unconstitutional and illegal. As of June 30, 2012, the Retirement Systems had collected approximately \$121 million in the form of retirement contributions from members of those retirement systems who retired and returned to work on or after July 1, 2005. Defendants filed a motion to dismiss this matter on a number of grounds, including Eleventh Amendment immunity, abstention, and failure to state a claim upon which relief may be granted. By an Order and Decision dated September 27, 2012, the federal district court granted Defendants’ motion and dismissed Plaintiffs’ suit, finding that Defendants are immune from suit under the Eleventh Amendment. Plaintiffs filed a motion for reconsideration. The district court denied Plaintiffs’ motion, and Plaintiffs have appealed to the Fourth Circuit Court of Appeals. The appeal is currently pending, with argument scheduled for October 29, 2014.

Anderson County v. Joey Preston and the South Carolina Retirement System, Case No. 2009-CP-04-4482, is a civil action that was filed in the Tenth Judicial Circuit Court of Common Pleas. Defendant Joey

Preston (Preston) is a retired member of the South Carolina Retirement System who was employed by Plaintiff. In its complaint, Plaintiff sought to rescind a severance agreement entered into between Plaintiff and Preston, in which, among other things, Plaintiff agreed to pay, and did pay, approximately \$355,000 to the System to purchase retirement service credit on behalf of Preston. Plaintiff named the South Carolina Retirement System as a defendant in this matter as a stakeholder of a portion of the disputed severance funds and sought a return of the \$355,000 paid to the System. As a result of the service purchase, Preston was able to retire and begin drawing a retirement benefit. The South Carolina Retirement System is defending this case to ensure that, regardless of the outcome of Plaintiff’s claims related to the severance agreement, the System does not suffer any monetary loss as a result of the service purchase. By an Order dated May 3, 2013, the circuit court ruled against Plaintiff Anderson County on all claims, including claims for the return of monies paid to the South Carolina Retirement System. Plaintiff has appealed to the South Carolina Court of Appeals, and this matter is currently pending before the Court, with final briefs due in early October 2014.

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

Financial Section

South Carolina Retirement Systems Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability¹

Year Ended June 30, 2014

(Amounts expressed in thousands)

Change in the Net Pension Liability	SCRS	PORS	GARS	JSRS	SCNG
Total Pension Liability					
Service Cost	\$ 739,021	\$ 149,606	\$ 572	\$ 5,571	\$ 697
Interest	3,021,004	417,950	5,437	18,857	4,417
Benefit Changes	0	0	0	0	0
Difference between actual and expected experience	638,745	64,336	(2,585)	(3,240)	(262)
Assumption Changes	0	0	0	0	0
Benefit Payments	(2,571,049)	(331,783)	(6,861)	(16,684)	(4,248)
Net Change in Total Pension Liability	1,827,721	300,109	(3,437)	4,504	604
Total Pension Liability - Beginning	41,127,485	5,599,420	78,224	260,228	60,926
Total Pension Liability - Ending (a)	\$42,955,206	\$ 5,899,529	\$ 74,787	\$ 264,732	\$ 61,530
Plan Fiduciary Net Position					
Contributions - Employer	\$962,798	\$ 155,608	\$ 4,063	\$ 9,659	\$ 4,586
Contributions - Member	652,631	96,004	384	2,448	0
Refunds of contributions to members	(90,250)	(16,184)	(41)	0	0
Retirement benefits	(2,461,559)	(311,593)	(6,799)	(16,675)	(4,248)
Death benefits	(19,240)	(4,007)	(20)	(10)	0
Net Investment Income	3,517,324	538,386	4,545	19,962	2,806
Administrative Expense	(11,765)	(1,820)	(17)	(68)	(10)
Net transfers to affiliated systems	(2,470)	2,260	15	195	0
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	2,547,469	458,654	2,130	15,511	3,134
Plan Fiduciary Net Position - Beginning	23,191,052	3,526,448	31,904	131,985	19,424
Plan Fiduciary Net Position - Ending (b)	\$25,738,521	\$ 3,985,102	\$ 34,034	\$ 147,496	\$ 22,558
Net Pension Liability - Ending (a) - (b)	\$17,216,685	\$ 1,914,427	\$ 40,753	\$ 117,236	\$ 38,972

Schedule of Employers' Net Pension Liability¹

Year Ended June 30, 2014

(Amounts expressed in thousands)

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Employee Payroll ²	Net Pension Liability as a Percentage of Covered Employee Payroll
SCRS	\$ 42,955,206	\$ 25,738,521	\$ 17,216,685	59.9%	\$ 7,434,820	231.6%
PORS	5,899,529	3,985,102	1,914,427	67.5%	1,033,189	185.3%
GARS	74,787	34,034	40,753	45.5%	2,688	1,516.2%
JSRS	264,732	147,496	117,236	55.7%	20,407	574.5%
SCNG	61,530	22,558	38,972	36.7%	Not Applicable ³	Not Applicable ³

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

²The projected payroll for fiscal year 2014 is based on the actuarial valuation as of July 1, 2013.

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

Financial Section

Required Supplementary Information

Schedule of Employers' Contributions

(Amounts expressed in thousands)

	Actuarial Determined Contributions ¹ (1)	Amount of Contributions Recognized (2)	Difference Between Actuarially Determined Contributions ² and Contributions Recognized (1-2) (3)	Covered Employee Payroll ³ (4)	Percentage of Contributions to Covered Employee Payroll (2/4) (5)
SCRS					
6/30/2014	\$ 962,798	\$ 962,798	\$ -	\$ 7,434,820	12.9%
6/30/2013	948,157	948,157		7,356,231	12.9%
6/30/2012	824,652	824,652		7,687,558	10.7%
6/30/2011	808,343	808,343		7,769,820	10.4%
6/30/2010	818,523	818,523		7,761,808	10.5%
6/30/2009	827,502	827,502		7,559,172	10.9%
6/30/2008	774,269	774,269		7,093,181	10.9%
6/30/2007	644,350	644,350		6,733,379	9.6%
6/30/2006	577,468	577,468		6,356,489	9.1%
6/30/2005	538,809	538,809		6,180,599	8.7%
PORS					
6/30/2014	\$ 155,608	\$ 155,608	\$ -	\$ 1,033,189	15.1%
6/30/2013	143,389	143,389		1,019,241	14.1%
6/30/2012	134,299	134,299		1,087,587	12.3%
6/30/2011	129,314	129,314		1,076,467	12.0%
6/30/2010	123,163	123,163		1,084,154	11.4%
6/30/2009	124,148	124,148		1,060,747	11.7%
6/30/2008	114,095	114,095		992,849	11.5%
6/30/2007	106,753	106,753		931,815	11.5%
6/30/2006	100,281	100,281		850,610	11.8%
6/30/2005	90,528	90,528		822,448	11.0%
GARS⁴					
6/30/2014	\$ 4,063	\$ 4,063	\$ -	\$ 2,688	151.2%
6/30/2013	2,831	2,831		3,854	73.5%
6/30/2012	2,532	2,532		3,854	65.7%
6/30/2011	2,414	2,414		3,854	62.6%
6/30/2010	2,598	2,598		3,854	67.4%
6/30/2009	2,495	2,495		3,854	64.7%
6/30/2008	2,440	2,440		3,854	63.3%
6/30/2007	2,358	2,358		3,854	61.2%
6/30/2006	2,171	2,171		3,854	56.3%
6/30/2005	2,890	2,890		3,839	75.3%
JSRS					
6/30/2014	\$ 9,659	\$ 9,659	\$ -	\$ 20,407	47.3%
6/30/2013	8,667	8,667		19,221	45.1%
6/30/2012	8,414	8,414		18,661	45.1%
6/30/2011	8,414	8,414		18,661	45.1%
6/30/2010	8,414	8,414		18,661	45.1%
6/30/2009	8,414	8,414		18,661	45.1%
6/30/2008	7,613	7,613		16,407	46.4%
6/30/2007	6,706	6,706		15,929	42.1%
6/30/2006	6,511	6,511		15,464	42.1%
6/30/2005	6,260	6,260		14,870	42.1%
SCNG⁵					
6/30/2014	\$ 4,586	\$ 4,586	\$ -	N/A	N/A
6/30/2013	4,539	4,539		N/A	N/A
6/30/2012	3,937	3,937		N/A	N/A
6/30/2011	3,905	3,905		N/A	N/A
6/30/2010	3,945	3,945		N/A	N/A
6/30/2009	4,052	4,052		N/A	N/A
6/30/2008	3,923	3,923		N/A	N/A
6/30/2007	3,948	3,948		N/A	N/A
6/30/2006	3,942	3,942		N/A	N/A
6/30/2005	2,969	2,969		N/A	N/A

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

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

³Projected payroll of active members per July 1 Actuarial Valuation.

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

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

Financial Section

Required Supplementary Information

Schedule of Investment Returns¹

Fiscal Year Ending June 30	Annual Money Weighted Rate of Return, Net of Investment Expense
2014	15.30%

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

Notes to Required Supplementary Information

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

Summary of Actuarial Methods and Significant Assumptions

	SCRS	PORS	GARS	JSRS	SCNG
Valuation date	07/01/13	07/01/13	07/01/13	07/01/13	07/01/13
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open	Level dollar closed
Amortization period	30 years	30 years	14 years	28 years	19 years
Asset Valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%
Projected salary increases	levels off at 3.5%	levels off at 4.0%	None	3.0%	None
Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.5%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually	None	3.0%	None

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Position

SCRS Pension Trust Fund

Year Ended June 30, 2014

With comparative totals for the year ended June 30, 2013

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	QEBA FUND	TOTALS	TOTALS 2013 Restated
Additions						
Employee contributions						
State department employees	\$ 172,397	\$ 25,563	\$ -	\$ -	\$ 197,960	\$ 214,581
Public school employees	247,284	38,520			285,804	290,117
Other political subdivision employees	155,423	13,444			168,867	170,085
Employer contributions						
State department employees		307,952	5,006	451	313,409	311,271
Public school employees		409,525	6,118		415,643	408,068
Other political subdivision employees		230,913	2,833		233,746	228,818
Total contributions	575,104	1,025,917	13,957	451	1,615,429	1,622,940
Investment Income						
Net appreciation in fair value of investments		3,600,027	18,418		3,618,445	2,303,180
Interest and dividend income		298,736	1,524		300,260	258,632
Investment expense		(400,821)	(2,050)		(402,871)	(368,333)
Income from investing activities		3,497,942	17,892		3,515,834	2,193,479
From securities lending activities:						
Securities lending income		54			54	234
Securities lending borrower rebates		1,429	7		1,436	1,935
Net income from securities lending activities		1,483	7		1,490	2,169
Total net investment income		3,499,425	17,899		3,517,324	2,195,648
Supplemental retirement benefits funded by the State		587			587	657
Transfers of contributions from other Systems						
Total additions	575,104	4,525,929	31,856	451	5,133,340	3,819,245
Deductions						
Refunds of contributions to members	90,250				90,250	87,212
Transfers of contributions to other Systems	1,612	858			2,470	3,396
Regular retirement benefits		2,292,884		451	2,293,335	2,195,625
Deferred retirement benefits		168,221			168,221	172,249
Supplemental retirement benefits		590			590	636
Incidental Death benefit claims		(67)	19,307		19,240	19,133
Depreciation		200			200	186
Administrative charges		11,506	59		11,565	13,047
Total deductions	91,862	2,474,192	19,366	451	2,585,871	2,491,484
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(483,008)	483,008				
Interest credited to members' accounts	225,198	(225,198)				
Net interfund transfers	(257,810)	257,810				
Net increase	225,432	2,309,547	12,490		2,547,469	1,327,761
Net position restricted for Pensions						
Beginning of year, Restated	6,491,895	16,583,148	116,009		23,191,052	21,863,291
End of year	\$ 6,717,327	\$18,892,695	\$ 128,499	\$	\$25,738,521	\$23,191,052

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Position *PORS Pension Trust Fund*

Year Ended June 30, 2014

With comparative totals for the year ended June 30, 2013

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	ACCIDENTAL DEATH FUND	QEBA FUND	TOTALS	TOTALS 2013
Additions							
Employee contributions							
State department employees	\$ 29,566	\$ 1,933	\$ -	\$ -	\$ -	\$ 31,499	\$ 31,170
Public school employees	29	293				322	355
Other political subdivision employees	56,170	8,013				64,183	65,639
Employer contributions							
State department employees		48,685	782	782	2	50,251	47,494
Public school employees		494	8	8		510	455
Other political subdivision employees		101,790	1,573	1,484		104,847	95,440
Total contributions	85,765	161,208	2,363	2,274	2	251,612	240,553
Investment Income							
Net appreciation in fair value of investments		542,580	5,053	6,589		554,222	345,698
Interest and dividend income		45,134	418	545		46,097	39,015
Investment expense		(60,856)	(567)	(739)		(62,162)	(55,573)
Income from investing activities		526,858	4,904	6,395		538,157	329,140
From securities lending activities:							
Securities lending income		9				9	35
Securities lending borrower rebates		216	2	2		220	292
Net income from securities lending activities		225	2	2		229	327
Total net investment income		527,083	4,906	6,397		538,386	329,467
Supplemental retirement benefits funded by the State		26				26	30
Transfers of contributions from other Systems	1,414	846				2,260	3,013
Total additions	87,179	689,163	7,269	8,671	2	792,284	573,063
Deductions							
Refunds of contributions to members	16,184					16,184	14,983
Regular retirement benefits		311,591			2	311,593	296,044
Supplemental retirement benefits		26				26	30
Death benefits			2,410			2,410	1,985
Accidental death benefits				1,597		1,597	1,557
Depreciation		25				25	23
Administrative charges		1,757	17	21		1,795	1,983
Total deductions	16,184	313,399	2,427	1,618	2	333,630	316,605
Interfund transfers according to statutory requirements							
Contributions by members at retirement	(43,166)	43,166					
Interest credited to members' accounts	29,140	(29,140)					
Net interfund transfers	(14,026)	14,026					
Net increase	56,969	389,790	4,842	7,053		458,654	256,458
Net position restricted for Pensions							
Beginning of year	793,414	2,658,958	32,153	41,923		3,526,448	3,269,990
End of year	\$ 850,383	\$ 3,048,748	\$ 36,995	\$ 48,976	\$	\$ 3,985,102	\$ 3,526,448

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Position

GARS Pension Trust Fund

Year Ended June 30, 2014

With comparative totals for the year ended June 30, 2013

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTALS 2013
Additions				
Contributions				
Employee contributions - State departments	\$ 384	\$ -	\$ 384	\$ 1,091
Employer contributions - State departments		4,063	4,063	2,831
Total contributions	384	4,063	4,447	3,922
Investment Income				
Net appreciation in fair value of investments		4,654	4,654	3,224
Interest and dividend income		397	397	359
Investment expense		(508)	(508)	(475)
Net income from investing activities		4,543	4,543	3,108
From securities lending activities:				
Securities lending income				1
Securities lending borrower rebates		2	2	2
Net income from securities lending activities		2	2	3
Total net investment income		4,545	4,545	3,111
Transfers of contributions from other Systems	15		15	199
Total additions	399	8,608	9,007	7,232
Deductions				
Refunds of contributions to members	41		41	3
Regular retirement benefits		6,799	6,799	6,720
Death benefits		20	20	16
Depreciation		1	1	1
Administrative expenses		16	16	19
Total deductions	41	6,836	6,877	6,759
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(378)	378		
Interest credited to members' accounts	214	(214)		
Net interfund transfers	(164)	164		
Net increase	194	1,936	2,130	473
Net position held in trust for Pension Benefits				
Beginning of year	\$ 7,164	\$ 24,740	\$ 31,904	\$ 31,431
End of year	\$ 7,358	\$ 26,676	\$ 34,034	\$ 31,904

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Position

JSRS Pension Trust Fund

Year Ended June 30, 2014

With comparative totals for the year ended June 30, 2013

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	QEBA FUND	TOTALS	TOTALS 2013 Restated
Additions					
Contributions					
Employee contributions - State departments	\$ 2,218	\$ 230	\$ -	\$ 2,448	\$ 2,596
Employer contributions - State departments		9,538	121	9,659	8,667
Total contributions	2,218	9,768	121	12,107	11,263
Investment Income					
Net appreciation in fair value of investments		20,491		20,491	13,142
Interest and dividend income		1,739		1,739	1,508
Investment expense		(2,276)		(2,276)	(2,058)
Net income from investing activities		19,954		19,954	12,592
From securities lending activities:					
Securities lending income					2
Securities lending borrower rebates		8		8	11
Net income from securities lending activities		8		8	13
Total net investment income		19,962		19,962	12,605
Transfers of contributions from other Systems	184	11		195	184
Total additions	2,402	29,741	121	32,264	24,052
Deductions					
Refunds of contributions to members					57
Regular retirement benefits		15,776	121	15,897	15,745
Deferred retirement benefits		778		778	
Death benefits		10		10	134
Depreciation		1		1	1
Administrative expenses		67		67	75
Total deductions		16,632	121	16,753	16,012
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(1,660)	1,660			
Interest credited to members' accounts	815	(815)			
Net interfund transfers	(845)	845			
Net increase	1,557	13,954		15,511	8,040
Net position held in trust for Pension Benefits					
Beginning of year, Restated	21,369	110,616		131,985	123,945
End of year	\$ 22,926	\$ 124,570	\$	\$ 147,496	\$ 131,985

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Position

SCNG Pension Trust Fund

Year Ended June 30, 2014

With comparative totals for the year ended June 30, 2013

(Amounts expressed in thousands)

	TOTALS 2014	TOTALS 2013
Additions		
Contributions		
State appropriated contributions	\$ 4,586	\$ 4,539
Total contributions	4,586	4,539
Investment Income		
Net appreciation in fair value of investments	2,893	1,756
Interest income	240	198
Investment expense	(328)	(284)
Income from investing activities	2,805	1,670
From securities lending activities:		
Securities lending income		
Securities lending borrower rebates	1	1
Net income from securities lending activities	1	1
Total net investment income	2,806	1,671
 Total additions	 7,392	 6,210
 Deductions		
Regular retirement benefits	4,248	4,193
Administrative expenses	10	10
 Total deductions	 4,258	 4,203
 Net increase	 3,134	 2,007
 Net position held in trust for Pension Benefits		
Beginning of year	19,424	17,417
End of year	\$ 22,558	\$ 19,424

Financial Section

Schedule of Administrative Expenses For the Year Ended June 30, 2014 (Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS
Personal Services						
Salaries and Wages	\$ 6,616	\$ 1,028	\$ 9	\$ 38	\$ 6	\$ 7,697
Employee Benefits	2,204	341	3	13	2	2,563
Contractual Services						
Data Processing Services	703	109	1	4	1	818
Medical & Health Services	356	55	1	2	1	415
Financial Audit	63	10				73
Actuarial Services	151	23		1		175
Other Professional Services	355	55	1	2		413
Legal Services	62	10				72
Operating Expenses						
Facilities Management	269	42	1	2		314
Telephone	106	16		1		123
Insurance	243	38		2		283
Postage	168	26		1		195
Supplies	75	12				87
Other Miscellaneous Expenses	194	30		1		225
Total Administrative Expenses	<u>\$ 11,565</u>	<u>\$ 1,795</u>	<u>\$ 16</u>	<u>\$ 67</u>	<u>\$ 10</u>	<u>\$ 13,453</u>

Schedule of Professional and Consultant Fees¹ For the Year Ended June 30, 2014 (Amounts expressed in thousands)

Professional/Consultant	Nature of Service	Amounts Paid
CEM Benchmarking Inc.	Benchmarking Service	\$ 40
CliftonLarsonAllen LLP	Audit	73
Data Network Solutions	IT Maintenance & Support	73
Gabriel Roeder Smith & Company	Actuary Services	175
Hewlett Packard	IT Maintenance & Support	39
Ice Miller	IRC Consulting Services	54
Psychological & Training Services	Disability Review	13
SHI International	IT Maintenance & Support	45
Software AG Inc.	IT Enterprise License & Maintenance	169
Sowell Gray Stepp & Laffitte	Attorney Fees	18
Spartantec Inc	IT Services Software & License	17
Specialty Underwriters LLFC	IT Maintenance & Support	78
Summit Strategies Inc	Optional Retirement Plan Consultants	130
SunGard Availability Service	IT Disaster Recovery	97
Tapfin	Application Development Resources	220
TeamIA Inc	Imaging Maintenance/Auditing	158
		<u>\$ 1,399</u>

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

Financial Section

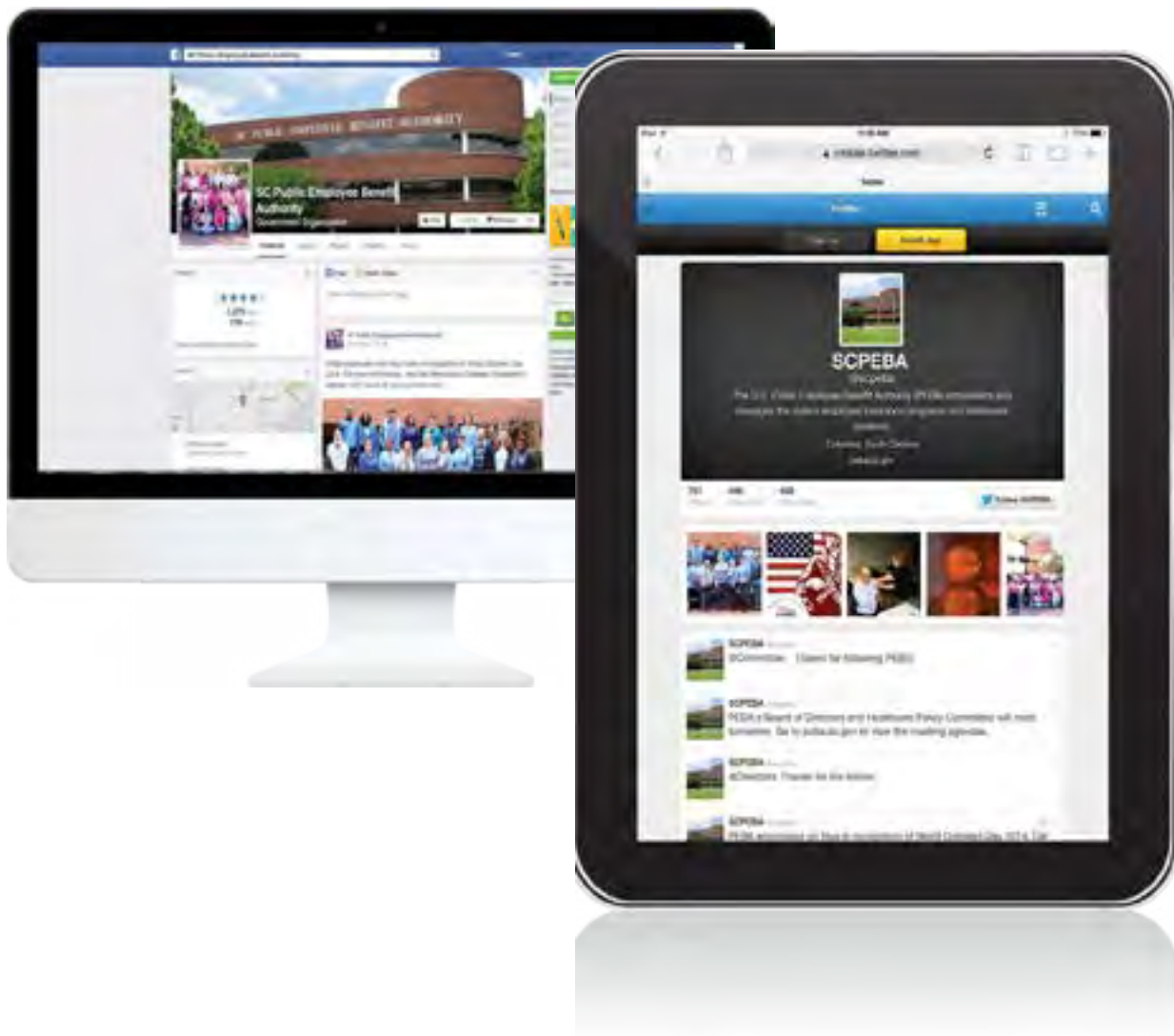
South Carolina Retirement Systems Schedule of Investment Fees and Expenses Year Ended June 30, 2014 (Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS ¹
Short Term:	\$ 2,377	\$ 366	\$ 3	\$ 13	\$ 2	\$ 2,761
Domestic Fixed Income:						
Core Fixed Income	3,490	537	4	20	3	4,054
Mixed Credit	6,157	949	8	35	5	7,154
Global Fixed Income:						
Global Fixed Income	2,663	410	4	15	2	3,094
Emerging Market Debt	2,209	340	3	13	2	2,567
Domestic Equity:	8,309	1,278	10	47	7	9,651
Global Equity:						
Global Equity	13	2				15
Developed International Equity	3,499	540	4	20	3	4,066
Emerging Markets Equity	7,134	1,099	9	41	6	8,289
Global Tactical Asset Allocation:	12,579	1,939	16	71	10	14,615
Alternatives:						
Hedge Funds (Global Public Equity, Low Beta, Mixed Credit)	129,986	20,062	163	734	105	151,050
Private Debt/Opportunistic Credit	72,270	11,153	91	408	59	83,981
Private Equity	72,822	11,239	92	411	59	84,623
Real Estate	55,817	8,613	70	315	45	64,860
Commodities	259	40		1		300
Strategic Partnerships ²	10,516	1,623	13	59	9	12,220
Beta Overlay	1,060	163	2	6	1	1,232
Total Investment Manager Fees	391,160	60,353	492	2,209	318	454,532
Bank Fees and Investment Expenses ³	11,711	1,809	16	67	10	13,613
Total Investment Management Fees and Expenses	\$ 402,871	\$ 62,162	\$ 508	\$ 2,276	\$ 328	\$468,145
Securities Lending Expenses:						
Borrower Rebates	\$ (1,436)	\$ (220)	\$ (2)	\$ (8)	\$ (1)	\$ (1,667)
Total Securities Lending Expenses	\$ (1,436)	\$ (220)	\$ (2)	\$ (8)	\$ (1)	\$ (1,667)

¹ All investment manager fees, whether directly invoiced (\$37,826,543) or deducted from the fund on a net basis (\$416,705,417) are classified and reported as Investment Expense. Investment related costs that are separable from investment income and also are related to the administration of the pension plan are reported. For greater transparency, the RSIC makes a good faith attempt to disaggregate netted fee amounts that are not necessarily readily separable. The collection process is not standard practice for many plan sponsors, therefore, direct comparison to other plans is not meaningful without first adjusting to a common reporting basis. Investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), other expenses such as organizational expenses in limited partnership structures as well as offsets which may have the effect of reducing the total.

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

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



Investment Section



Communicating through Social Media



Communicating with stakeholders frequently is one of the most important ways to maintain an active and interested constituency. One of the ways PEBA communicates with our stakeholders on a daily basis is through our social media outlets. PEBA currently uses Facebook, Twitter, and LinkedIn. Social media allows us to disseminate information quickly and frequently. PEBA also uses social media as a means to engage our stakeholders and to reach different stakeholder populations.

Another way PEBA communicates important news quickly with our stakeholders is via RSS news feeds. Our RSS (which stands for Really Simple Syndication) news feeds are subscription based services that allow our stakeholders to receive news and updates from PEBA in their email inboxes.

Plans for fiscal year 2015 include developing a targeted Facebook page, adding both YouTube and Vimeo channels, and creating a PEBA Instagram page through which the agency can share stories about our members and employers. We also want to continue to use LinkedIn to build our identity as a premier employer to assist in attracting the best and brightest employees.



August 28, 2014

The Honorable Nikki Haley, Governor
Budget and Control Board
Members of the General Assembly of South Carolina

RE: FYE 2014 Report

Dear Governor and Members:

As the investment consultant for the Retirement System Investment Commission (RSIC), Hewitt EnnisKnupp (HEK) is pleased to submit this summary of the investment structure and performance of the South Carolina Retirement System (SCRS) investment portfolio for fiscal year ended (FYE) June 30, 2014.

The 2013-14 fiscal year began with a strong but volatile stretch in the equity markets. Threats of a possible military strike against Syria, negotiations over the U.S. debt ceiling, a government shutdown, and the Federal Reserve's unexpected decision to postpone tapering of its quantitative easing program were all contributors to market volatility. With the resolution of the government shutdown, developed equity markets rallied as 2013 came to a close. In December, the Federal Reserve Open Market Committee announced that it would begin to "taper" the monthly rate of Treasury and MBS purchases by \$10 billion and that it intended to do so throughout 2014. As 2014 began, harsh winter conditions in the U.S. resulted in disappointing economic employment and manufacturing data releases. Equities retreated during the early stages of 2014 while longer-dated investment grade bonds rallied, before closing out the first half of 2014 with a strong rally.

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

- Modifying asset allocation to improve expected portfolio risk and return
- Refining investment strategy to lower costs where possible
- Facilitating a comprehensive fiduciary audit
- Implementing recommendations made in the course of the fiduciary audit

During the fiscal year ending June 30, 2014, the SCRS investment portfolio returned 15.3% on a net-of-fee basis. This return exceeded that of its Policy Index by 1.1 percentage points. Over the trailing three- and five-year periods ending June 30, 2014, the SCRS portfolio return also exceeded that of its Policy Index. All returns are reported on a time-weighted return basis.

As of June 30, 2014 the SCRS investment portfolio totaled \$29.8 billion. This represented an increase of \$3.0 billion over its value on June 30, 2013. The portfolio's asset allocation at fiscal year-end was as follows:

Investment Section

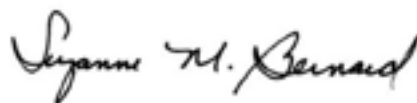
August 28, 2014
Page 2

Global Public Equity	30.8%
GTAA/Risk Parity	10.6
Private Equity	8.9
Core Fixed Income	8.7
Low Beta Hedge Funds	8.3
Cash and Short Duration (net of overlays)	6.7
Mixed Credit	6.5
Private Debt	5.7
Emerging Market Debt	4.2
Global Fixed Income	3.7
Real Estate	3.6
Commodities	2.1
Total	100.0%

The investment portfolio's June 30, 2014 asset allocation was consistent with the targets and ranges set forth in the Annual Investment Plan, Statement of Investment Objectives and Policy, and were within statutory limits. HEK will continue to work with the RSIC to monitor the structure and portfolio in an effort to optimize the portfolio's risk/return profile.

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

Sincerely,



Suzanne M. Bernard, CFA, CAIA
Partner
Hewitt EnnisKnupp

Investment Section

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

South Carolina Retirement System Summary of Investment Growth (Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	% Increase for Year	Net Income (Loss) from Investments	% Increase for Year
2014	\$ 25,540,648	7.48%	\$ 3,515,834	59.84%
2013	23,762,666	7.50%	2,199,550	1,934.60%
2012	22,105,265	(4.85%)	108,107	(96.99%)
2011	23,232,653	17.26%	3,596,902	37.67%
2010	19,812,203	8.62%	2,612,663	154.95%
2009	18,240,380	(21.05%)	(4,754,668)	(641.53%)
2008	23,103,046	(6.77%)	(641,196)	(121.38%)
2007	24,779,857	8.97%	2,999,209	164.33%
2006	22,741,048	0.99%	1,134,639	(24.20%)
2005	22,517,910	5.69%	1,496,887	(14.93%)

Police Officers Retirement System Summary of Investment Growth (Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	% Increase for Year	Net Income (Loss) from Investments	% Increase for Year
2014	\$ 3,946,522	9.44%	\$ 538,157	63.05%
2013	3,606,143	9.29%	330,061	1,839.14%
2012	3,299,647	(2.58%)	17,021	(96.72%)
2011	3,386,895	19.93%	519,363	43.25%
2010	2,824,156	11.33%	362,566	156.79%
2009	2,536,671	(18.18%)	(638,389)	(647.40%)
2008	3,100,417	(4.83%)	(85,415)	(122.80%)
2007	3,257,632	11.66%	374,623	167.99%
2006	2,917,468	4.31%	139,785	(20.51%)
2005	2,796,872	6.52%	175,849	(17.13%)

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

Investment Section

General Assembly Retirement System

Summary of Investment Growth (Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	% Increase for Year	Net Income (Loss) from Investments	% Increase for Year
2014	\$ 33,671	3.56%	\$ 4,543	45.75%
2013	32,515	2.11%	3,117	1,733.53%
2012	31,843	(10.27%)	170	(97.01%)
2011	35,488	8.65%	5,680	22.36%
2010	32,662	2.79%	4,642	149.34%
2009	31,777	(27.02%)	(9,409)	(728.26%)
2008	43,544	(9.27%)	(1,136)	(119.09%)
2007	47,992	5.98%	5,950	185.23%
2006	45,282	(2.20%)	2,086	(35.58%)
2005	46,300	3.42%	3,238	(19.67%)

Judges and Solicitors Retirement System

Summary of Investment Growth (Amounts expressed in thousands)

Year Ended June 30,	Fair Value of Investments ¹	% Increase for Year	Net Income (Loss) from Investments	% Increase for Year
2014	\$ 146,095	8.25%	\$ 19,954	58.03%
2013	134,963	7.75%	12,627	1,527.19%
2012	125,255	(3.91%)	776	(96.14%)
2011	130,357	17.65%	20,086	37.14%
2010	110,798	9.44%	14,646	154.77%
2009	101,244	(19.64%)	(26,741)	(693.27%)
2008	125,987	(7.00%)	(3,371)	(121.05%)
2007	135,482	10.93%	16,017	178.00%
2006	122,128	3.24%	5,761	(29.30%)
2005	118,299	6.96%	8,148	(11.35%)

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

Investment Section

South Carolina National Guard Supplemental Retirement Plan Summary of Investment Growth (Amounts expressed in thousands)

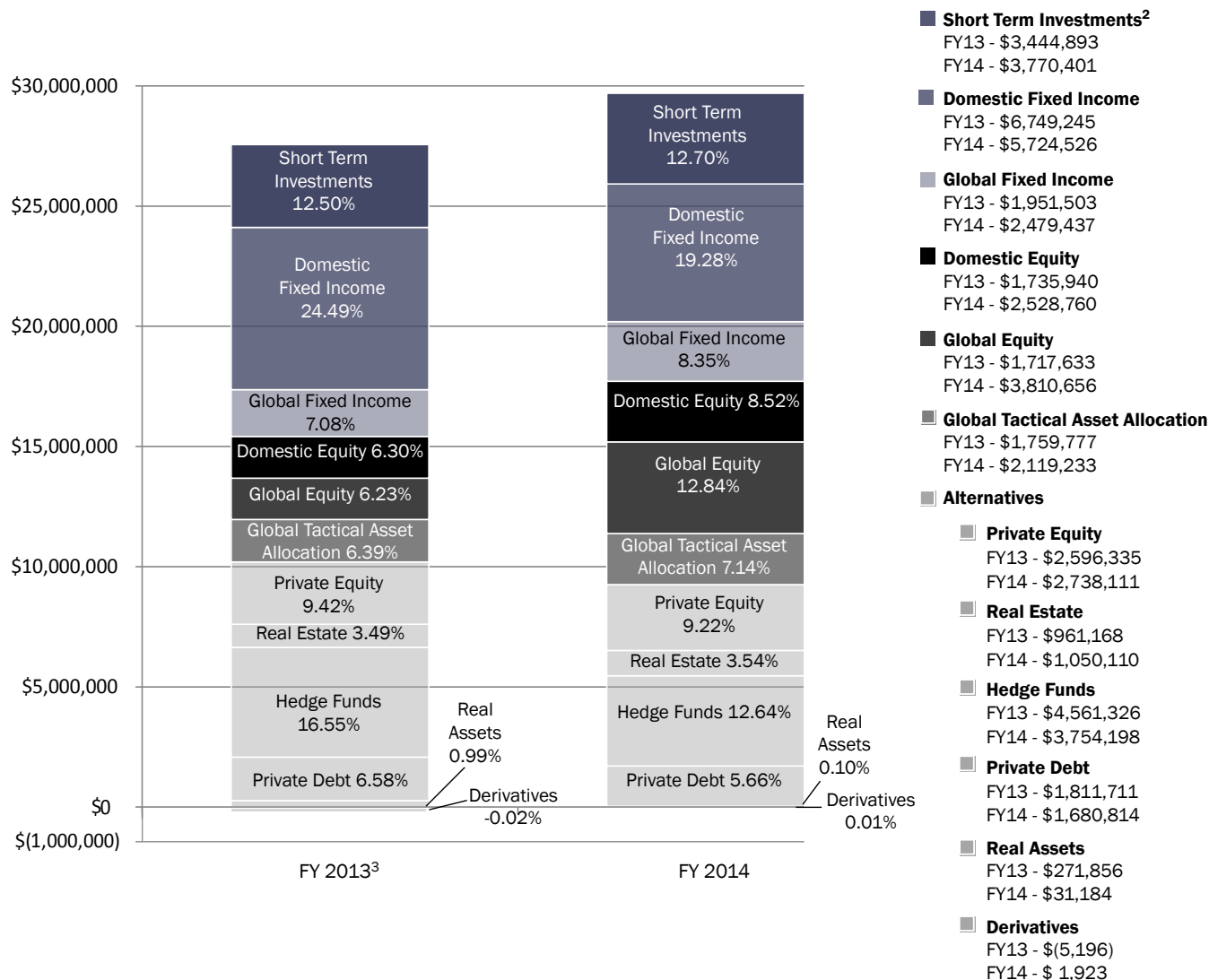
Year Ended June 30,	Fair Value of Investments ¹	% Increase for Year	Net Income (Loss) from Investments	% Increase for Year
2014	\$ 22,417	12.63%	\$ 2,805	67.46%
2013	19,904	12.69%	1,675	1,701.08%
2012	17,662	(1.13%)	93	(96.33%)
2011	17,864	19.04%	2,531	35.71%
2010	15,007	16.25%	1,865	146.39%
2009	12,909	(17.39%)	(4,020)	(1,055.17%)
2008	15,627	(0.55%)	(348)	(117.38%)
2007	15,714	23.83%	2,002	2,149.44%
2006 ²	12,690		89	

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

²The South Carolina Public Employee Benefit Authority assumed administrative responsibilities for the South Carolina National Guard Supplemental Retirement Plan January 1, 2006; therefore, prior year data is not presented.

Investment Section

South Carolina Retirement Systems Schedule of Total Asset Allocation¹ Fair Value of Investments as of June 30, 2014 (Dollar amounts expressed in thousands)



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

²Short-term investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes. The short-term total includes cash of \$1,320,932 (in thousands). Investments made with cash collateral received in the securities lending program are excluded.

³Derivatives such as futures, options and swaps were previously recorded as Alternatives; however, based on reclassifications amounts are now reflected in the category to which they pertain. In addition, Global Tactical Asset Allocation was previously recorded within Alternatives but is now reported separately in order to more closely align with RSIC and HEK reporting.

Investment Section

Summary of Fair Value of Investments¹ (Amounts expressed in thousands)

	South Carolina Retirement System			Police Officers Retirement System		
	Fair Value		% of Fair Value at 06/30/14	Fair Value		% of Fair Value at 06/30/14
	06/30/2013 ²	06/30/2014		06/30/2013 ²	06/30/2014	
Short-Term Investments	\$ 2,950,958	\$ 3,236,054	12.67%	\$ 465,352	\$ 504,129	12.77%
Debt:						
Domestic Fixed Income	5,825,623	4,926,250	19.29%	879,171	760,296	19.27%
Global Fixed Income	1,684,444	2,133,683	8.35%	254,207	329,303	8.35%
Public Equity:						
Domestic Equity	1,498,379	2,176,128	8.52%	226,128	335,854	8.51%
Global Equity	1,482,578	3,279,266	12.84%	223,742	506,108	12.82%
Global Tactical Asset Allocation	1,518,954	1,823,709	7.14%	229,233	281,463	7.13%
Alternatives	8,801,730	7,965,558	31.19%	1,328,310	1,229,369	31.15%
Total Investments	<u>\$ 23,762,666</u>	<u>\$ 25,540,648</u>	<u>100.00%</u>	<u>\$ 3,606,143</u>	<u>\$ 3,946,522</u>	<u>100.00%</u>

	General Assembly Retirement System			Judges & Solicitors Retirement System		
	Fair Value		% of Fair Value at 06/30/14	Fair Value		% of Fair Value at 06/30/14
	06/30/2013 ²	06/30/2014		06/30/2013 ²	06/30/2014	
Short-Term Investments	\$ 5,875	\$ 5,716	16.98%	\$ 19,028	\$ 20,206	13.83%
Debt:						
Domestic Fixed Income	7,457	6,174	18.34%	32,453	27,804	19.03%
Global Fixed Income	2,156	2,675	7.94%	9,383	12,043	8.24%
Public Equity:						
Domestic Equity	1,918	2,727	8.10%	8,347	12,283	8.41%
Global Equity	1,898	4,110	12.21%	8,259	18,508	12.67%
Global Tactical Asset Allocation	1,944	2,286	6.79%	8,462	10,293	7.05%
Alternatives	11,267	9,983	29.64%	49,031	44,958	30.77%
Total Investments	<u>\$ 32,515</u>	<u>\$ 33,671</u>	<u>100.00%</u>	<u>\$ 134,963</u>	<u>\$ 146,095</u>	<u>100.00%</u>

South Carolina National Guard Supplemental Retirement Plan

	Fair Value		% of Fair Value at 06/30/14
	06/30/2013 ²	06/30/2014	
	06/30/2013 ²	06/30/2014	
Short-Term Investments	\$ 3,680	\$ 4,296	19.17%
Debt:			
Domestic Fixed Income	4,541	4,002	17.85%
Global Fixed Income	1,313	1,733	7.73%
Public Equity:			
Domestic Equity	1,168	1,768	7.89%
Global Equity	1,156	2,664	11.88%
Global Tactical Asset Allocation	1,184	1,482	6.61%
Alternatives	6,862	6,472	28.87%
Total Investments	<u>\$ 19,904</u>	<u>\$ 22,417</u>	<u>100.00%</u>

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

²Derivatives such as futures, options and swaps were previously recorded as Alternatives; however, based on reclassifications amounts are now reflected in the category to which they pertain. In addition, Global Tactical Asset Allocation was previously recorded within Alternatives but is now reported separately in order to more closely align with RSIC and HEK reporting.

Investment Section

South Carolina Retirement Systems List of Largest Assets Held As of June 30, 2014

SCRS held units in the following index fund:

Units	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
128,309,554	Blackrock MSCI World Index	\$1,732,884,916	\$267,445,879	\$2,171,803	\$9,780,588	\$1,407,859	\$2,013,691,045
Total							\$2,013,691,045

Top Ten Equity Holdings

Units	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
371,469	Apple Inc	\$ 29,706,767	\$ 4,584,813	\$ 37,231	\$ 167,668	\$ 24,135	\$ 34,520,614
314,500	Exxon Mobil Corp	27,248,383	4,205,396	34,150	153,793	22,138	31,663,860
456,800	Wells Fargo & Co	20,661,332	3,188,780	25,895	116,615	16,786	24,009,408
384,200	JP Morgan Chase & Co	19,050,550	2,940,178	23,876	107,523	15,477	22,137,604
458,311	Microsoft Corp	16,446,490	2,538,279	20,612	92,826	13,362	19,111,569
143,500	Chevron Corp	16,121,507	2,488,123	20,205	90,992	13,098	18,733,925
154,098	Johnson & Johnson	13,873,582	2,141,188	17,388	78,304	11,271	16,121,733
591,581	General Electric Co	13,378,780	2,064,822	16,767	75,511	10,869	15,546,749
996,000	Tencent Holdings Ltd	13,071,709	2,017,430	16,383	73,778	10,620	15,189,920
188,100	Shire PLC	12,648,525	1,952,118	15,852	71,390	10,276	14,698,161
Total Top Ten Equity Holdings							\$ 211,733,543

Top Ten Fixed Income Holdings

Par Value	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
\$396,700,000	U S Treasury Note 2.750% due 02/15/2024	\$349,140,379	\$53,884,799	\$437,573	\$1,970,586	\$283,654	\$405,716,991
5,600,000	iShares Emerging Markets Local Currency Bond ETF	248,375,825	38,333,239	311,286	1,401,860	201,790	288,624,000
1,200,000	iShares JP Morgan USD Emerging Market Bond ETF	119,034,931	18,371,330	149,185	671,846	96,708	138,324,000
125,000,000	U S Treasury Note 1.500% due 12/31/2018	107,628,104	16,610,851	134,889	607,465	87,441	125,068,750
100,000,000	U S Treasury Note 0.375% due 02/15/2016	86,155,838	13,296,915	107,978	486,273	69,996	100,117,000
100,000,000	U S Treasury Note 0.375% due 03/15/2016	86,102,483	13,288,681	107,911	485,972	69,953	100,055,000
96,990,000	U S Treasury Note 0.875% due 06/15/2017	83,497,445	12,886,630	104,646	471,269	67,836	97,027,826
85,000,000	U S Treasury Note 0.375% due 01/15/2016	73,260,989	11,306,781	91,817	413,493	59,520	85,132,600
78,000,000	U S Treasury Note 0.250% due 04/15/2016	66,967,966	10,335,543	83,930	377,974	54,407	77,819,820
75,000,000	U S Treasury Note 1.000% due 08/31/2016	65,206,787	10,063,730	81,723	368,034	52,976	75,773,250
Total Top Ten Fixed Income Holdings							\$1,493,659,237

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

Investment Section

South Carolina Retirement Systems Schedule of Investment Results Combined Investment Portfolio

Schedule of Investments	FYE 2014	3 Years	5 Years
South Carolina Plan Return (Net of Fees)¹	15.29%	8.37%	11.48%
South Carolina Policy Benchmark²	14.26%	7.51%	9.98%
Global Public Equity	19.80%	7.41%	15.30%
<i>MSCI All-Country World Index Net</i>	<i>22.95%</i>	<i>10.25%</i>	<i>14.28%</i>
Private Equity	21.69%	14.10%	14.94%
<i>80% Russell 3000 / 20% MSCI EAFE + 300 Bps on a 3-month lag</i>	<i>24.64%</i>	<i>16.16%</i>	<i>23.82%</i>
Commodity^{2,3}	n/a	n/a	n/a
<i>Dow Jones-UBS Commodity Index</i>	<i>8.21%</i>	<i>-5.17%</i>	<i>1.99%</i>
Real Estate	20.10%	13.26%	11.39%
<i>NCREIF Open-end Diversified Core (ODCE) Index 75 Bps</i>	<i>14.52%</i>	<i>13.81%</i>	<i>8.07%</i>
HF (Low Beta)	13.27%		
<i>HFRI Fund weighted Composite Index</i>	<i>9.06%</i>	<i>4.02%</i>	<i>6.49%</i>
GTAA	14.41%	9.10%	11.77%
<i>50% MSCI World / 50% S&P/Citi WGBI</i>	<i>15.26%</i>	<i>6.82%</i>	<i>9.42%</i>
Private Debt	15.07%	10.58%	14.10%
<i>S&P/LSTA Leveraged Loan + 150 Bps on a 3-month lag</i>	<i>5.85%</i>	<i>6.51%</i>	<i>14.03%</i>
Mixed Credit	9.99%	6.51%	12.15%
<i>1/3 Barclays U.S. High Yield - 2% Issuer Cap, 1/3 S&P/LSTA Leveraged Loan and 1/3 Barclays MBS Indices</i>	<i>7.30%</i>	<i>5.91%</i>	<i>8.84%</i>
EM Debt	6.98%	3.20%	8.15%
<i>50% JPM EMBI USD / 50% JPM GBIEM Local</i>	<i>7.75%</i>	<i>4.31%</i>	<i>8.93%</i>
Core Fixed Income	4.43%	4.01%	5.69%
<i>Barclays US Aggregate Bond Index</i>	<i>4.37%</i>	<i>3.66%</i>	<i>4.85%</i>
Global Fixed Income	8.61%	4.31%	8.19%
<i>Barclays Global Aggregate Bond Index (Hedged)</i>	<i>5.17%</i>	<i>4.50%</i>	<i>4.64%</i>
Short Duration	1.68%	1.67%	
<i>Barclays 1-3 Year Government/Credit Index</i>	<i>1.14%</i>	<i>1.00%</i>	<i>1.73%</i>
Cash	-0.21%	-0.26%	0.08%
<i>Merrill Lynch 3-Month T-Bill</i>	<i>0.05%</i>	<i>0.07%</i>	<i>0.11%</i>

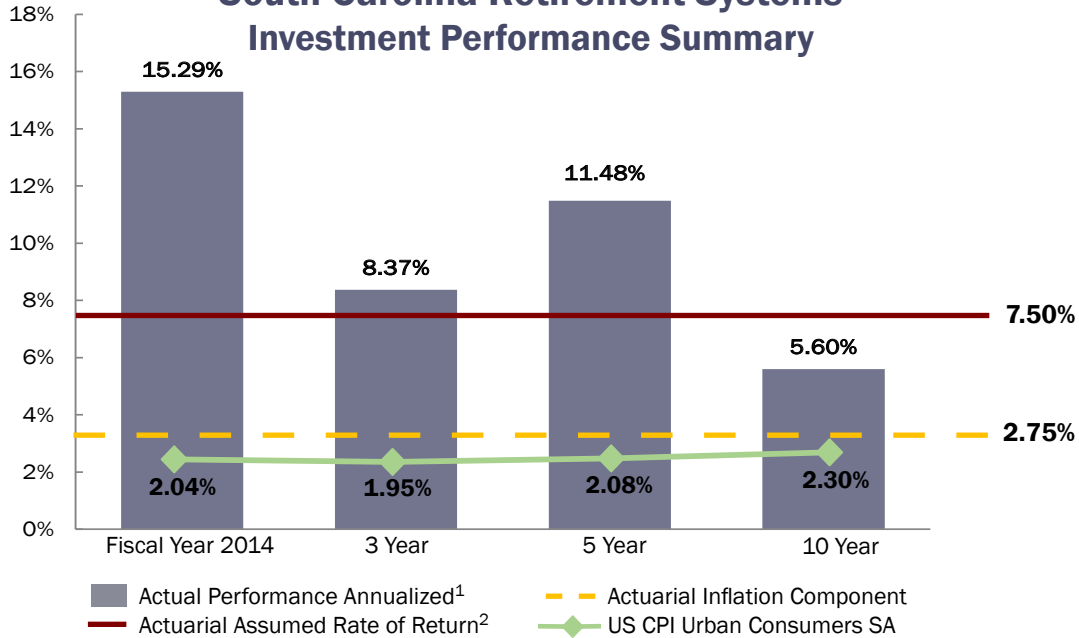
¹Plan returns are from BNY Mellon and are time-weighted, total return calculations, net of fees and expenses. All returns are expressed in U.S. Dollars. Periods greater than one year are annualized. Returns generated from synthetic exposure through the Overlay Program are reflected in the total Plan return but are not included in the asset class segment returns.

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

³Commodity exposure is captured in the overlay program synthetically.

Investment Section

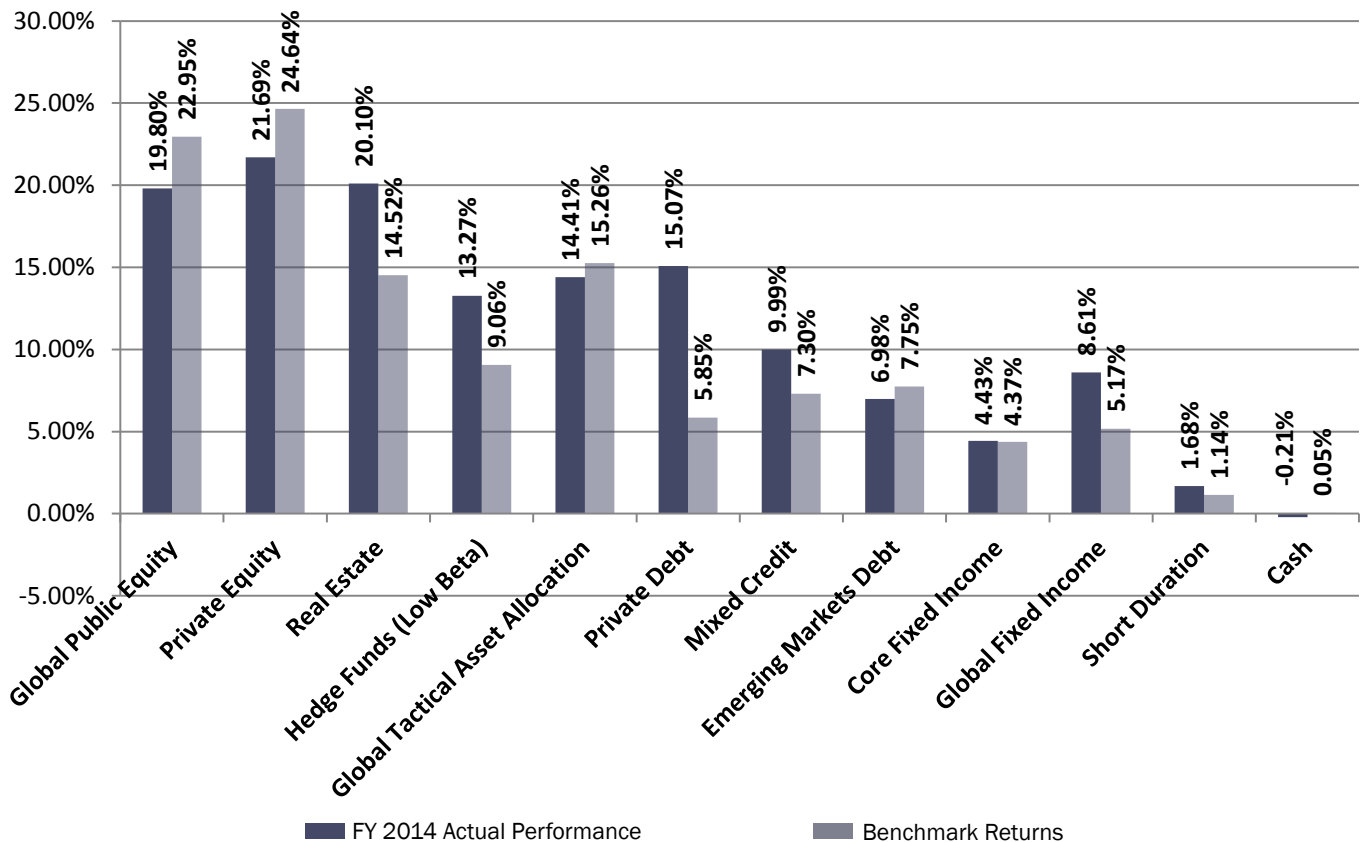
South Carolina Retirement Systems Investment Performance Summary



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

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

Fiscal Year 2014 Investment Performance by Market Segment



Investment Section

South Carolina Retirement Systems Schedule of Investment Fees and Commissions For the Year Ended June 30, 2014

	Fair Value of Assets under Management at June 30, 2014 ¹	Reported Fees ²
Investment Managers' Fees	\$29,578,595,102.79	\$ 454,531,961
Other Investment Service Fees:		
Bank Fees and Investment Expenses		13,613,271
		<u>\$ 468,145,232</u>

Brokerage Firm	Number of Shares Traded	Commissions ³	Average Commissions per Share
Goldman Sachs & Co.	3,732,744	\$ 2,285,706	0.6123
Merrill Lynch Pierce Fenner Smith, Inc.	22,746,441	357,198	0.0157
UBS Warburg	19,499,087	203,299	0.0104
Instinet Europe Limited	20,253,064	179,923	0.0089
Morgan Stanley & Co., Inc.	10,542,421	151,966	0.0144
RBC Capital Markets LLC	4,054,275	104,449	0.0258
Credit Suisse	2,834,327	96,034	0.0339
Stifel Nicolaus	2,411,218	90,547	0.0376
UBS Securities LLC	471,284	86,431	0.1834
Jefferies & Co., Inc.	2,828,830	85,532	0.0302
Janney Montgomery Scott	2,814,130	84,302	0.0300
Liquidnet, Inc.	2,985,007	79,311	0.0266
J.P. Morgan Clearing Corp.	2,443,381	70,993	0.0291
Deutsche Bank Securities, Inc.	1,604,458	68,333	0.0426
Baird, Robert W. & Co., Inc.	2,073,948	68,291	0.0329
Raymond James & Associates, Inc.	1,839,075	67,557	0.0367
Knight Equity Markets LP	1,269,633	63,482	0.0500
All others ⁴	53,661,196	1,102,909	0.0206
	<u>158,064,519</u>	<u>\$ 5,246,263</u>	<u>0.0332</u>

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

²A portion of investment expenses are directly invoiced by the manager; however, a significant number of investment managers provide account valuations on a net of fee basis. Since these investment expenses are netted against investment income, amounts reported represent a good faith attempt by the RSIC to disaggregate amounts that were not necessarily readily separable throughout the fiscal year. The collection process is not standard practice for many investment managers. The investment expense numbers netted out of accounts include amounts for investment management fees, performance fees (carried interest) and other expenses such as organizational expenses in limited partnership structures.

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

⁴Other brokers include 88 additional brokers each receiving less than \$50,000 in total commissions.

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees For the Year Ended June 30, 2014 (Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets under Management at 6/30/2014 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
Short Duration:							
	Apollo Partnership Short Duration	\$185,368	\$ -	\$ 201	\$ -	\$ 363	\$ 564
	Goldman Sachs Partnership Short Duration	522,576					
	Penn Limited Term HY	391,785	1,100				1,100
	Post Limited Term HY		1,097				1,097
Domestic Fixed Income:							
Core Fixed Income							
	Blackrock Financial Management, Inc.	1,230,803	1,290				1,290
	Jamison, Eaton & Wood	213,254	327				327
	Pacific Investment Management Co.	1,055,489	2,437				2,437
Mixed Credit							
	Apollo Partnership Mixed Credit	271,173		2,672		660	3,332
	GSO Partnership Mixed Credit	8,123		558		326	884
	Loomis Sayles HY	214,827	1,003				1,003
	Penn HY	276,970	691				691
	Post HY		1,153				1,153
	TCW Partnership Mixed Credit			91			91
Global Fixed Income:							
Global Fixed Income							
	Loomis Sayles GFI	364,293	1,076				1,076
	Mondrian GFI	276,235	933				933
	WAMCO GFI	462,998	1,085				1,085
Emerging Market Debt							
	Goldman Sachs Partnership Emerging Market Debt	279,228		1,091		3	1,094
	Mondrian Investment Group, Inc.	249,791	1,412				1,412
	Russell EMD Transition	299,472	61				61
Domestic Equity:							
	Integrity Small V	378,644	1,932				1,932
	Pyramis Small C	483,424	2,592				2,592
	Russell - Large Cap Transitions	1,048,102	702				702
	TimesSquare SMID G	620,914	4,425				4,425
Global Equity:							
Global Equity							
	Blackrock Global Equity	2,013,691	15				15
Developed International Equity							
	Russell Global Equity Transition	173					
	Johnston Fund	245,589	1,107				1,107

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees continued For the Year Ended June 30, 2014 (Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets under Management at 6/30/2014 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	Lighthouse Partnership Developed International Equity	\$ 503,882	\$	\$ 2,672	\$	\$ 287	\$ 2,959
Emerging Market Equity:							
	Aberdeen	255,982	1,836				1,836
	LSV Asset Management	268,803		2,604		90	2,694
	Schroders	256,965	1,997			12	2,009
	William Blair	268,537	1,750				1,750
Global Tactical Asset Allocation:							
	Bridgewater Associates, Inc.	1,021,323		2,783		387	3,170
	Grantham, Mayo, Van Otterloo & Co LLC	995,956	5,324	3,141			8,465
	Entrust Partnership Global Tactical Asset Allocation	101,954		2,791		189	2,980
Alternatives:							
Hedge Funds (Global Public Equity, Low Beta, Mixed Credit)							
	Apollo Partnership Hedge Funds	8,132		44		281	325
	Blackstone Partnership Hedge Funds	159,538		1,130	810		1,940
	Bridgewater Associates, Inc	413,602		9,515	12,530	379	22,424
	Bridgewater Associates, Inc	102,285		2,184	3,932	113	6,229
	Caspian SC Holdings LP	228,032		2,159	5,142		7,301
	Crescent - ARC LP - CACP			195	470		665
	DE Shaw - DE Shaw Composite	340,332		8,105	13,180		21,285
	GAM PA	10,813				25	25
	Goldman Sachs Partnership Hedge Funds	106,760		729		169	898
	Grosvenor Partnership Hedge Funds	481,732		4,419	548	700	5,667
	GSO Partnership Hedge Funds	97,072		1,331	2,978	200	4,509
	Lighthouse Partnership Hedge Funds	1,435,651		26,537	42,766	3,373	72,676
	Loomis Sayles Credit L/S	137,004		133	714		847
	Morgan Stanley Partnership Hedge Funds	174,089		1,431	3,328	254	5,013
	Reservoir Strategic Partners Fund L.P.	58,985		1,051	171	24	1,246
Private Debt/Opportunistic Credit							
	Angelo Gordon VI	13,777		281	3,039	85	3,405
	Apollo Partnership Private Debt	123,738		1,243	7,911	282	9,436
	Avenue Europe I (Parallel II)	3,690			321	94	415
	Avenue Europe II	75,979		1,110	2,733	266	4,109
	Avenue Spec VI	109,014		855	8,116	455	9,426
	Crescent Mezz V	39,269		646	1,226		1,872
	Crescent Mezz VI	37,798		1,429		190	1,619
	DE Shaw Direct Capital	46,075		912	602		1,514
	Gateway Energy	30,000					

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees continued For the Year Ended June 30, 2014 (Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets under Management at 6/30/2014 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	Goldman Sachs Mezz V	\$ 30,450	\$	\$ 381	\$ 514	\$	\$ 895
	Goldman Sachs Partnership Private Debt	217,613		2,885	5,129	2,441	10,455
	Golub PEARLS	26,203		12	10	42	64
	GSO Partnership Private Debt	566,430		4,346	17,154	1,986	23,486
	Morgan Stanley Partnership Private Debt	67,357		607	1,377	260	2,244
	Northstar Mezz V	30,922		424		24	448
	Sankaty COP IV	57,617		1,439	1,509	217	3,165
	Sankaty COP V	24,286		211	248	119	578
	Selene I	23,846		329	3,755	187	4,271
	Selene II	94,118		1,869	706	1,641	4,216
	SJC DL II	12,825			250	179	429
	Strategos		375				375
	TCW Partnership Private Debt	2,625		281			281
	WL Ross - WLR Whole Loans	56,076		297	863	118	1,278
Private Equity							
	Advent Int'l GPE VII	24,398		674			674
	Apax Europe VII	50,298		187		81	268
	Apax Europe VIII	17,712		777		220	997
	Apollo Partnership Private Equity	167,806		2,366	2,525	1,421	6,312
	Aquiline Financial Services I	87,976		919	2,113	160	3,192
	Aquiline Financial Services II	85,236		1,738	4,279	342	6,359
	BC European Cap IX	19,805		416		(6)	410
	Bridgepoint Europe IV	62,254		489		133	622
	Carousel Capital III	9,717		108	291	4	403
	Carousel Capital IV	10,590		337	122	44	503
	Crestview II	96,299		(61)	4,075	104	4,118
	Goldman Sachs Partnership Private Equity	79,987		1,150	1,892	306	3,348
	Green Partners - Green Equity VI	12,789		462			462
	Industry Ventures V	34,663		450	2,729		3,179
	Industry Ventures VI	31,371		365			365
	Industry Ventures VII	6,155		287	240		527
	Lexington Capital VII	66,630		631	485	109	1,225
	Lexington Middle Market II	33,694		211	229	44	484
	Morgan Stanley Partnership Private Equity	416,867		3,948	10,697	499	15,144
	Neuberger Berman II	33,025		400	806	74	1,280
	Oaktree EOF III	27,022		752	805	206	1,763
	Pantheon Europe V	55,841		564		42	606

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees continued For the Year Ended June 30, 2014 (Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets under Management at 6/30/2014 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	Pantheon USA VII	\$ 107,432	\$	\$ 703	\$	\$ 24	\$ 727
	Paul Capital IX	33,781		675			675
	Reservoir Capital Partners (Cayman) L.P.	74,927		673	3,085	31	3,789
	Square 1 Venture 1	47,827		162	484	42	688
	Truebridge Capital I	48,090		281	544	31	856
	Truebridge Capital II	46,226		323	370	94	787
	Warburg Pincus X	88,056		722	5,409	216	6,347
	Warburg Pincus XI	22,854		356	305	149	810
	Welsh Carson Anderson & Stowe XI	45,707		729	2,102	55	2,886
	WL Ross Partnership Private Equity	230,076		1,290	11,733	193	13,216
	Various Private Equity Managers ³	533,161		496	1,005	100	1,601
Real Estate							
	American Timberlands Fund	30,994		450			450
	Apollo Partnership Real Estate	84,493		1,431	1,785	765	3,981
	Blackstone Real Estate VII	106,923		1,502	3,357	319	5,178
	Brookfield REF III	43,298		370			370
	Brookfield SREP LP	34,324		1,813	417		2,230
	Carlyle VI	68,653		996	3,883		4,879
	Goldman Sachs Partnership Real Estate	1,947		638	5,406	234	6,278
	Greystar VII	176,309		784	3,413	17	4,214
	Lone Star II	28,043		172	1,394	281	1,847
	Morgan Stanley Partnership Real Estate	126,057		1,263	2,163	403	3,829
	Oaktree - ROF V	85,615		983	2,892	218	4,093
	Oaktree - ROF VI	55,406		1,995	859	486	3,340
	Och-Ziff II	44,683	875		2,517		3,392
	Pembroke Capital Management - PCI Investors Fund II	51,017		1,417	1,653	2,490	5,560
	TA Realty X	52,092		574	680		1,254
	Torchlight III	17,930		820	9,389	253	10,462
	Torchlight IV	53,220		850	298	901	2,049
	U S REIF	11,438					
	WL Ross Partnership Real Estate	34,263		928	65	461	1,454
Commodities							
	Lighthouse Partnership Commodities			239		61	300
Strategic Partnerships:⁴							
	Apollo	60,790					
	Blackstone						
	Entrust	508,815		136	378	409	923

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees continued For the Year Ended June 30, 2014 (Amounts expressed in thousands)

Style	Investment Manager	Fair Value of Assets under Management at 6/30/2014 ¹	Manager Fees Directly Invoiced	Manager Fees Deducted on a Net of Fee Basis ²			Total Investment Manager Fees
				Management Fees	Performance Fees	Other Fees	
	Goldman Sachs	\$ 58,395	\$	\$ 257	\$	\$ 1,274	\$ 1,531
	Grosvenor	152,185				99	99
	GSO	89,794				243	243
	Lighthouse	117,483		5,055		1,282	6,337
	Mariner					(21)	(21)
	Morgan Stanley	68,921		55		535	590
	WL Ross	88,785		1,139		1,289	2,428
	Reservoir					90	90
	TCW	(28)					
Beta Overlay:							
	Russell Investment Group	997,760	1,232				1,232
Internally Managed Assets:							
	Core Fixed Income	248,188					
	Short Duration	1,985,552					
	SCRS Liquidity	515,598					
	Cash Accounts	231,212					
	SCRS Emerging Markets Debt ETF	426,948					
	SCRS Distribution In Kind	3,040					
Other:							
	Residual Assets ⁵	121					
Total Fair Value of Assets and Manager Fees		<u>\$29,578,595</u>	<u>\$37,827</u>	<u>\$144,571</u>	<u>\$238,906</u>	<u>\$33,228</u>	<u>\$454,532</u>
Adjustments, Cash, Receivables and Payables		<u>223,816</u>					
Net Asset Value as reported by the Custodial Bank		<u>\$29,802,411</u>					

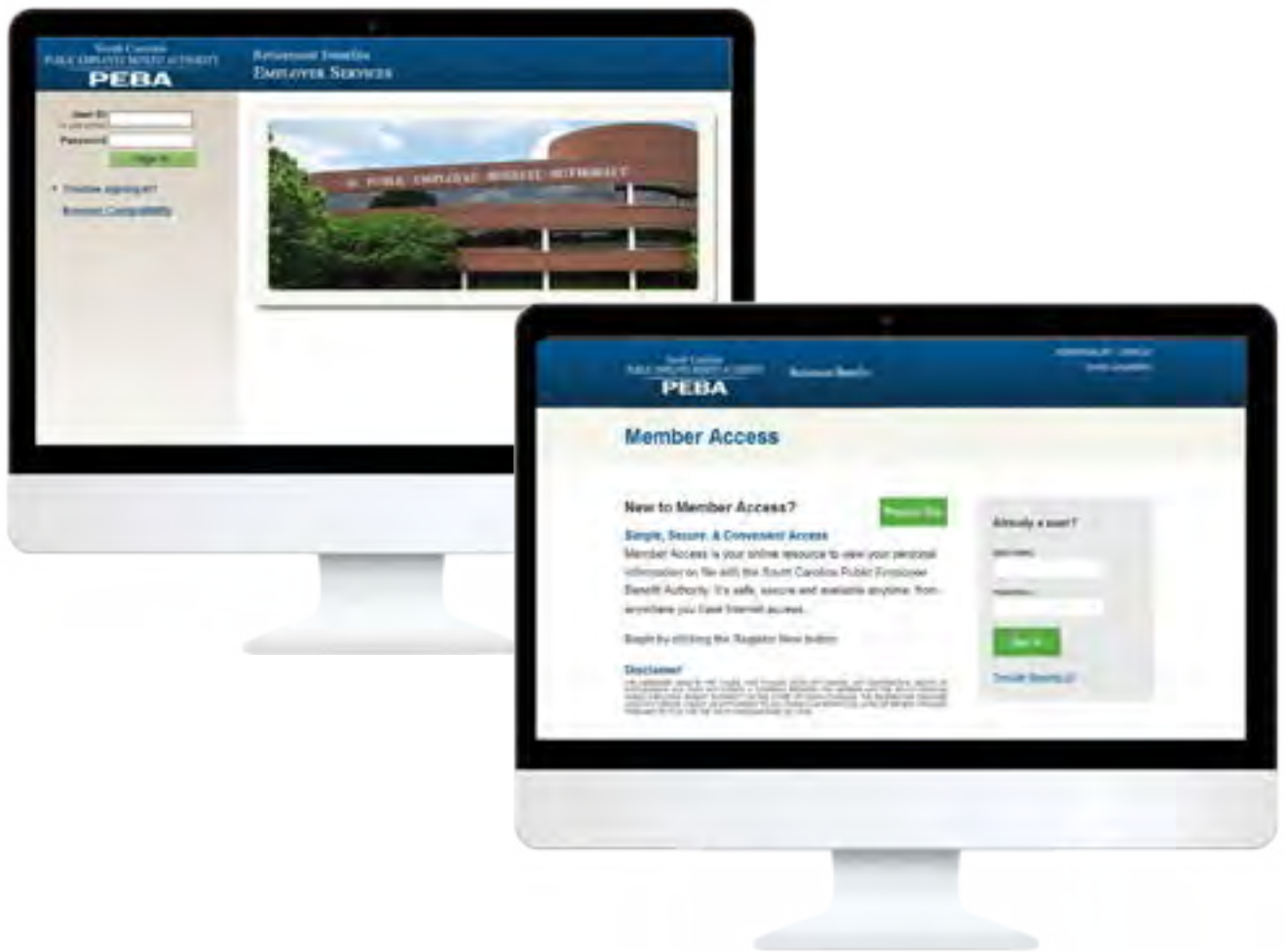
¹The "Fair Value" of assets under management includes categories classified as cash equivalents for financial statement purposes and excludes cash, receivables and payables; therefore, these adjustments are necessary to reconcile to "Net Asset Values" reported by the Custodial Bank and the Retirement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

²Investment manager fees, whether directly invoiced (\$37,826,543) or deducted from the fund on a net basis (\$416,705,417) are classified and reported as Investment Expense. For greater transparency, the RSIC makes a good faith attempt to disaggregate netted fee amounts that are not necessarily readily separable. The collection process is not standard practice for many plan sponsors, therefore, direct comparison to other plans is not meaningful without first adjusting to a common reporting basis. Investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), and other expenses such as organizational expenses in limited partnership structures as well as offsets which may have the effect of reducing the total.

³Represents the aggregation of four managers, each with total investment manager fees of less than \$250,000, and one manager that has a non-disclosure agreement.

⁴Represents management and other fees at the Strategic Partnership level, and not fees at the underlying investment level which are included in each applicable asset class. Fair Value represents cash balances at the Strategic Partnership level.

⁵Balances in the Residual Assets account are held temporarily while waiting to be placed in a more permanent investment.



Actuarial Section



Communicating through Secure Websites



PEBA also uses our two secure, online websites, Electronic Employer Services (EES) and Member Access, to communicate with stakeholders.

EES provides employers with instant access to member account information for their employees. Employers can view reported payroll information, member service credit and member beneficiaries. EES enables employers to produce benefit estimates, submit retiree return-to-work information and view, download and request retirement data of their employees. EES also eliminated the use of some paper forms by allowing employers to certify required member information online. For those employers not on the Comptroller General's payroll, EES is also used to upload quarterly payrolls and furloughs, and prepare monthly and quarterly contribution remittance forms and installment service purchase remittance forms.

Member Access allows members to view and update their personal information on file with PEBA. Active members can view their designated beneficiary information and current service credit; view and print their member statement; change their address; calculate an unofficial cost estimate to purchase service credit; submit a service purchase request; and view the status of their retirement application. Retired members can change their tax withholdings and their address; view and print a 1099-R form; view and print a Teacher and Employee Retention Incentive (TERI) program statement; view and print an annuity verification letter; view their current payment method; change their payment method from paper check to direct deposit; and modify an existing direct deposit account or add an additional direct deposit account.

PEBA will continue to add features and self-service options to both of these secure platforms.



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December 9, 2014

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

Subject: Statement of Certification for the Actuarial Valuation as of July 1, 2013

Dear Members of the Board:

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

FINANCING OBJECTIVES AND FUNDING POLICY

The employer and member contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are determined in accordance with South Carolina Code. As specified by the Code, in the event the scheduled employer and member contribution rates are insufficient to maintain a thirty-year amortization period for financing the unfunded liability of the System, the South Carolina Public Employee Benefit Authority (the Board) shall increase the employer and member contribution rates in equal amounts as necessary to maintain a funding period that does not exceed thirty years.

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

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

To accomplish this, the employer contribution rate will be at least equal to the sum of the employer normal cost rate (which pays the current year's cost) and an amortization rate which results in the

South Carolina Public Employee Benefit Authority
December 9, 2014
Page 2

UAAL being funded over a period that does not exceed 30 years in installments. These installments increase at the assumed rate of growth in payroll for each System.

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

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches at least 100%.

For all systems on a combined basis, the funded ratio decreased from 65.4% in 2012 to 63.2% in 2013. A decrease in the funded ratio is consistent with our expectations as outstanding deferred investment losses become fully recognized in the actuarial value of assets.

ASSUMPTIONS AND METHODS

The Board, in consultation with the actuary, sets the actuarial assumptions and methods used in the valuation. South Carolina State Code requires the Board to have the actuary perform an experience study every five years. The last experience study was performed in 2011. The recommended assumptions as a result of this experience study were adopted by the Budget and Control Board in November 2011. All the assumptions and methods adopted by the Budget and Control Board satisfy the requirements in the Actuarial Standards of Practice that are applicable for actuarial valuations of public retirement systems. The next experience study will be conducted using the plan's experience for the five-year period ending June 30, 2015.

It is our opinion that the actuarial assumptions used to perform this valuation are internally consistent and reasonably reflect the anticipated future experience of the System.

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

The benefit structure is outlined in this section of the annual report. GRS prepared the following schedules in the actuarial section: *Actuarial Balance Sheet, Results of the Valuation as of July 1, 2013, Summary of Actuarial Assumptions and Methods, Development of the Actuarial Value of Assets, Solvency Test, and the Reconciliation of the UAAL*. GRS also prepared the following trend information in the actuarial section for years on and after July 1, 2011: *Summary of Historical Active Membership, Schedule of Retirees Added to and Removed from Rolls, and the Schedule of Funding Progress*.

Actuarial Section

South Carolina Public Employee Benefit Authority
December 9, 2014
Page 3

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

DATA

Member data for retired, active and inactive members was supplied as of July 1, 2013, by the PEBA staff. The staff also supplied asset information as of July 1, 2013 (and as of June 30, 2014 for purposes of calculating information in accordance with GASB Statement No. 67). We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by the Systems.

CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Retirement Systems as of July 1, 2013. All of our work conforms with generally accepted actuarial principles and practices, and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of South Carolina Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

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

Sincerely,

Gabriel Roeder, Smith & Co.



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



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

IC-02452013/ActCertification Letter SCRS-LTR_LtrLetter_07022014.docx

Gabriel Roeder Smith & Company

Actuarial Section

South Carolina Retirement System Actuarial Balance Sheet (Dollar amounts expressed in thousands)

		Actuarial Valuation as of	
		July 1, 2013	July 1, 2012 ¹
1. Assets			
a. Current Assets (Actuarial Value)			
i) Employee Annuity Savings Fund	\$ 6,491,895	\$ 6,459,192	
ii) Employer Annuity Accumulation Fund	19,261,173	19,081,557	
iii) Total Current Assets	\$ 25,753,068	\$ 25,540,749	
b. Present Value of Future Member Contributions	\$ 4,970,944	\$ 4,798,172	
c. Present Value of Future Employer Contributions			
i) Normal Contributions	\$ 906,655	\$ 1,082,126	
ii) Accrued Liability Contributions	15,442,994	13,916,959	
iii) Total Future Employer Contributions	\$16,349,649	\$14,999,085	
d. Total Assets	\$ 47,073,661	\$ 45,338,006	
2. Liabilities			
a. Employee Annuity Savings Fund			
i) Past Member Contributions	\$ 6,491,895	\$ 6,459,192	
ii) Present Value of Future Member Contributions	4,970,944	4,798,172	
iii) Total Contributions to Employee Annuity Savings Fund	\$ 11,462,839	\$ 11,257,364	
b. Employer Annuity Accumulation Fund			
i) Benefits Currently in Payment (including TERI)	\$ 26,548,472	\$ 24,732,406	
ii) Benefits to be Provided to Other Members	9,062,350	9,348,236	
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$ 35,610,822	\$ 34,080,642	
c. Total Liabilities	\$ 47,073,661	\$ 45,338,006	

¹Results of July 1, 2012, reflect the enactment of Act 278.

Actuarial Section

Police Officers Retirement System Actuarial Balance Sheet (Dollar amounts expressed in thousands)

		Actuarial Valuation as of	
		July 1, 2013	July 1, 2012 ¹
1. Assets			
a. Current Assets (Actuarial Value)			
i) Employee Annuity Savings Fund	\$	793,414	\$ 773,710
ii) Employer Annuity Accumulation Fund		3,128,627	3,035,224
iii) Total Current Assets	\$	3,922,041	\$ 3,808,934
b. Present Value of Future Member Contributions	\$	696,270	\$ 664,873
c. Present Value of Future Employer Contributions			
i) Normal Contributions	\$	411,046	\$ 421,750
ii) Accrued Liability Contributions		1,741,715	1,548,558
iii) Total Future Employer Contributions	\$	2,152,761	\$ 1,970,308
d. Total Assets	\$	6,771,072	\$ 6,444,115
2. Liabilities			
a. Employee Annuity Savings Fund			
i) Past Member Contributions	\$	793,414	\$ 773,710
ii) Present Value of Future Member Contributions		696,270	664,873
iii) Total Contributions to Employee Annuity Savings Fund	\$	1,489,684	\$ 1,438,583
b. Employer Annuity Accumulation Fund			
i) Benefits Currently in Payment	\$	3,385,496	\$ 3,118,016
ii) Benefits to be Provided to other Members		1,895,892	1,887,516
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$	5,281,388	\$ 5,005,532
c. Total Liabilities	\$	6,771,072	\$ 6,444,115

¹Results of July 1, 2012, reflect the enactment of Act 278.

Actuarial Section

General Assembly Retirement System Actuarial Balance Sheet (Dollar amounts expressed in thousands)

		Actuarial Valuation as of	
		<u>July 1, 2013</u>	<u>July 1, 2012</u>
1. Assets			
a. Current Assets (Actuarial Value)			
i) Employee Annuity Savings Fund	\$	7,164	\$ 7,267
ii) Employer Annuity Accumulation Fund		<u>30,869</u>	<u>31,966</u>
iii) Total Current Assets		38,033	39,233
b. Present Value of Future Member Contributions ¹	\$	1,957	\$ 2,367
c. Present Value of Future Employer Contributions			
i) Normal Contributions	\$	1,477	\$ 1,852
ii) Accrued Liability Contributions		<u>37,606</u>	<u>35,098</u>
iii) Total Future Employer Contributions	\$	39,083	\$ 36,950
d. Total Assets	\$	<u>79,073</u>	<u>\$ 78,550</u>
2. Liabilities			
a. Employee Annuity Savings Fund			
i) Past Member Contributions	\$	7,164	\$ 7,267
ii) Present Value of Future Member Contributions ¹		<u>1,957</u>	<u>2,367</u>
iii) Total Contributions to Employee Annuity Savings Fund	\$	9,121	\$ 9,634
b. Employer Annuity Accumulation Fund			
i) Benefits Currently in Payment	\$	59,592	\$ 58,213
ii) Benefits to be Provided to other Members		<u>10,360</u>	<u>10,703</u>
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$	69,952	\$ 68,916
c. Total Liabilities	\$	<u>79,073</u>	<u>\$ 78,550</u>

¹Includes expected contributions from special contributors.

Actuarial Section

Judges and Solicitors Retirement System Actuarial Balance Sheet (Dollar amounts expressed in thousands)

		Actuarial Valuation as of	
		<u>July 1, 2013</u>	<u>July 1, 2012</u>
1. Assets			
a. Current Assets (Actuarial Value)			
i) Employee Annuity Savings Fund	\$	21,369	\$ 20,005
ii) Employer Annuity Accumulation Fund		126,279	125,599
iii) Total Current Assets	\$	147,648	\$ 145,604
b. Present Value of Future Member Contributions	\$	13,640	\$ 13,427
c. Present Value of Future Employer Contributions			
i) Normal Contributions	\$	22,411	\$ 22,119
ii) Accrued Liability Contributions		109,340	106,125
iii) Total Future Employer Contributions	\$	131,751	\$ 128,244
d. Total Assets	\$	293,039	\$ 287,275
2. Liabilities			
a. Employee Annuity Savings Fund			
i) Past Member Contributions	\$	21,369	\$ 20,005
ii) Present Value of Future Member Contributions		13,640	13,427
iii) Total Contributions to Employee Annuity Savings Fund	\$	35,009	\$ 33,432
b. Employer Annuity Accumulation Fund			
i) Benefits Currently in Payment	\$	178,526	\$ 177,483
ii) Benefits to be Provided to other Members		79,504	76,360
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$	258,030	\$ 253,843
c. Total Liabilities	\$	293,039	\$ 287,275

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Actuarial Balance Sheet (Dollar amounts expressed in thousands)

		Actuarial Valuation as of	
		July 1, 2013	July 1, 2012
1. Assets			
a.	Current Assets (Actuarial Value)	\$ 22,208	\$ 20,814
b.	Present Value of Future Member Contributions	0	0
c.	Present Value of Future Employer Contributions		
i)	Normal Contributions	\$ 6,100	\$ 6,222
ii)	Accrued Liability Contributions	39,368	40,128
iii)	Total Future Employer Contributions	\$ 45,468	\$ 46,350
d.	Total Assets	\$ 67,676	\$ 67,164
2. Liabilities			
a.	Benefits to be Paid to Retired Members and Beneficiaries	\$ 33,590	\$ 32,989
b.	Benefits to be Paid to Former Members Entitled to Deferred Pensions	\$ 11,742	\$ 12,625
c.	Benefits to be Paid to Current Active Members	\$ 22,344	\$ 21,550
d.	Total Liabilities	\$ 67,676	\$ 67,164

Actuarial Section

South Carolina Retirement System Results of the Valuation as of July 1, 2013 (Dollar amounts expressed in thousands)

July 1, 2013

1. Actuarial Present Value of Future Benefits

a. Present Retired Members and Beneficiaries	\$ 26,548,472
b. Present Active and Inactive Members	20,525,189
c. Total Actuarial Present Value	<u>\$ 47,073,661</u>

2. Present Value of Future Normal Contributions

a. Employee	\$ 4,970,944
b. Employer	906,655
c. Total Future Normal Contributions	<u>\$ 5,877,599</u>

3. Actuarial Liability \$ 41,196,062

4. Current Actuarial Value of Assets \$ 25,753,068

5. Unfunded Actuarial Liability \$ 15,442,994

6. UAAL Amortization Rates Based on a Total Employer Contribution Rate of 11.06%¹

a. Active Members	9.28%
b. TERI Members (including employee contributions)	19.22%
c. ORP Members	6.06%
d. Re-employed Members (including employee contributions)	19.22%

7. Unfunded Actuarial Liability Liquidation Period 30 years

¹The employer contribution rate includes the cost for incidental death benefits.

Actuarial Section

Police Officers Retirement System Results of the Valuation as of July 1, 2013 (Dollar amounts expressed in thousands)

July 1, 2013

1. Actuarial Present Value of Future Benefits

a. Present Retired Members and Beneficiaries	\$	3,385,496
b. Present Active and Inactive Members		<u>3,385,576</u>
c. Total Actuarial Present Value	\$	6,771,072

2. Present Value of Future Normal Contributions

a. Employee	\$	696,270
b. Employer		<u>411,046</u>
c. Total Future Normal Contributions	\$	1,107,316

3. Actuarial Liability \$ 5,663,756

4. Current Actuarial Value of Assets \$ 3,922,041

5. Unfunded Actuarial Liability \$ 1,741,715

6. Unfunded Actuarial Liability Rate in Effect for FY2016¹ 8.00%

7. Unfunded Actuarial Liability Liquidation Period² 30 years

¹The employer contribution rate includes the cost for incidental death benefits and accidental death benefits.

²Funding period after reflecting the required increase in the contribution rates as adopted by the Board.

Actuarial Section

General Assembly Retirement System Results of the Valuation as of July 1, 2013 (Dollar amounts expressed in thousands)

	<u>July 1, 2013</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 59,592
b. Present Active and Inactive Members	19,481
c. Total Actuarial Present Value	<u>\$ 79,073</u>
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee (including special contributors)	\$ 1,957
b. Employer	1,477
c. Total Future Normal Contributions	<u>\$ 3,434</u>
3. <u>Actuarial Liability</u>	\$ 75,639
4. <u>Current Actuarial Value of Assets</u>	\$ 38,033
5. <u>Unfunded Actuarial Liability</u>	\$ 37,606
6. <u>Unfunded Actuarial Liability Liquidation Period from the Valuation Date</u>	14 years

Actuarial Section

Judges and Solicitors Retirement System Results of the Valuation as of July 1, 2013 (Dollar amounts expressed in thousands)

	<u>July 1, 2013</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 178,526
b. Present Active and Inactive Members	114,513
c. Total Actuarial Present Value	<u>\$ 293,039</u>
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee	\$ 13,640
b. Employer	22,411
c. Total Future Normal Contributions	<u>\$ 36,051</u>
3. <u>Actuarial Liability</u>	\$ 256,988
4. <u>Current Actuarial Value of Assets</u>	\$ 147,648
5. <u>Unfunded Actuarial Liability</u>	\$ 109,340
6. <u>UAAL Amortization Rates Based on an Employer Contribution Rate of 47.97%¹</u>	
a. Active Members	30.67%
b. DROP and Retired-in-Place Members (including employee contributions)	57.97%
7. <u>Unfunded Actuarial Liability Liquidation Period</u>	28 years

¹The employer contribution rate includes the cost for incidental death benefits.

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Results of the Valuation as of July 1, 2013 (Dollar amounts expressed in thousands)

	<u>July 1, 2013</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 33,590
b. Present Active and Inactive Members	<u>34,086</u>
c. Total Actuarial Present Value	\$ 67,676
2. <u>Present Value of Future Normal Contributions</u>	
a. Employees	\$ 0
b. Employer	<u>6,100</u>
c. Total Future Normal Contributions	\$ 6,100
3. <u>Actuarial Liability</u>	\$ 61,576
4. <u>Current Actuarial Value of Assets</u>	\$ 22,208
5. <u>Unfunded Actuarial Liability</u>	\$ 39,368
6. <u>Unfunded Actuarial Liability Liquidation Period (blended)</u>	19 years

South Carolina Retirement System Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the Budget and Control Board and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recently completed experience analysis for the five year period ended June 30, 2010, the Boards adopted a number of changes in the actuarial assumptions which were adopted and utilized beginning with the July 1, 2011 annual valuations. In addition, the rates of retirement and disability incidence were subsequently modified as of July 1, 2012 to better model expected future mortality experience as a result of the pension reform bill enacted in 2012.

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

Investment Rate of Return

Assumed annual rate of 7.5 percent net of investment and administrative expenses composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment, and administration expenses. This rate is the same rate used to discount the actuarial accrued liability.

Rates of Annual Salary Increase

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

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

Actuarial Section

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

Active Member Decrement Rates

- a. Assumed rate of Service Retirement or TERI entry are shown in the following tables. The first table is for members who attain age 65 before attaining 28 years of service. The second table is based on service and is for members who attain 28 years of service before age 65.

Actuarial Section

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

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

Actuarial Section

Annual Service Based Retirement Rates ¹				
Class Two Members				
Years of Service	General Employees		Teachers	
	Male	Female	Male	Female
28	15%	18%	7%	8%
29	10%	10%	8%	9%
30	10%	10%	8%	9%
31	10%	10%	9%	10%
32	10%	10%	10%	11%
33	18%	20%	11%	12%
34	18%	20%	12%	18%
35	18%	20%	13%	18%
36	20%	20%	14%	18%
37	20%	20%	18%	18%
38	20%	20%	17%	19%
39	20%	20%	17%	20%
40	100%	100%	100%	100%
41	100%	100%	100%	100%
42	100%	100%	100%	100%
43	100%	100%	100%	100%
44	100%	100%	100%	100%
45	100%	100%	100%	100%
46	100%	100%	100%	100%
47	100%	100%	100%	100%
48	100%	100%	100%	100%

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

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

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

Actuarial Section

c. Active Member Mortality

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

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

d. Rates of Withdrawal

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

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

Actuarial Section

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

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

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

Post Retirement Mortality

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

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

Actuarial Section

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

Life Expectancy for an Age 65 Retiree in Years				
Employee Type	Year of Retirement			
	2015	2020	2025	2030
General Employee - Male	19.6	20.0	20.4	20.7
General Employee - Female	22.3	22.5	22.7	22.9
Teacher - Male	19.5	19.9	20.3	20.6
Teacher - Female	22.4	22.6	22.8	22.9

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

Disabled Annuitant Mortality Rates (Multiplier Applied)				
Age	General Employees		Teachers	
	Male	Female	Male	Female
50	2.4629%	1.2689%	2.1731%	1.2689%
55	3.0126%	1.8198%	2.6581%	1.8198%
60	3.5736%	2.4023%	3.1531%	2.4023%
65	4.2648%	3.0829%	3.7631%	3.0829%
70	5.3196%	4.1398%	4.6937%	4.1398%
75	6.9757%	5.7453%	6.1550%	5.7453%
80	9.2966%	7.9543%	8.2029%	7.9543%
85	12.0363%	11.0223%	10.6202%	11.0223%
90	15.5897%	15.4054%	13.7556%	15.4054%
Multiplier	85%	110%	75%	110%

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

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

Actuarial Cost Method

The individual Entry Age Normal cost method is used for the actuarial valuation of the retirement systems for funding purposes because it is the cost method that will produce the most level contributions as a percentage of payroll from year to year. It is also the method that most equitably allocates the pension costs among various generations of taxpayers. The Entry Age Normal actuarial cost method is also the actuarial cost method used for financial reporting purposes. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal

Actuarial Section

costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

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

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

Unused Annual Leave

To account for the effect of unused annual leave in Annual Final Compensation (AFC) of Class Two members, the AFC for Class Two members is increased 2.14 percent at their date of retirement.

Unused Sick Leave

To account for the effect of unused sick leave on credited service for Class Two members, the service of active Class Two members who retire is increased three months.

Future Post-Retirement Benefit Adjustments

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

Payroll Growth Rate

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

Other Assumptions

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

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

Participant Data

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

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

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

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

Actuarial Section

South Carolina Retirement System Development of Actuarial Value of Assets (Dollar amounts expressed in thousands)

	<u>July 1, 2013</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 25,540,749
2. Market Value of Assets at the Prior Valuation Date	\$ 21,536,908
3. Net External Cash Flow During the Year	
a. Contributions	\$ 1,623,597
b. Disbursements	(2,551,598)
c. Subtotal	<u>\$ (928,001)</u>
4. Expected Net Investment Income at 7.50% Earned On	
a. Actuarial Value of Assets at the Prior Valuation Date	\$ 1,915,556
b. Contributions	60,885
c. Disbursements	(95,685)
d. Subtotal	<u>\$ 1,880,756</u>
5. Expected Actuarial Value of Assets, End of Year (Item 1. + Item 3.c. + Item 4.d.)	\$ 26,493,504
6. Market Value of Assets as of the Current Valuation Date	\$ 22,791,322
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6. - Item 5.)	\$ (3,702,182)
8. Excess/(Shortfall) Recognized (20% of Item 7.)	\$ (740,436)
9. Actuarial Value of Plan Assets, End of Year (Item 5. + Item 8.)	\$ 25,753,068
10. Asset Gain (Loss) for Year (Item 9. - Item 5.)	\$ (740,436)
11. Asset Gain (Loss) as % of the Actuarial Value of Assets	(2.88%)
12. Ratio of AVA to MVA	113.0%

Actuarial Section

Police Officers Retirement System Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the Budget and Control Board and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recently completed experience analysis for the five year period ended June 30, 2010, the Boards adopted a number of changes in the actuarial assumptions which were adopted and utilized beginning with the July 1, 2011 annual valuations. In addition, the rates of retirement and disability incidence were subsequently modified as of July 1, 2012 to better model expected future mortality experience as a result of the pension reform bill enacted in 2012.

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

Investment Rate of Return

Assumed annual rate of 7.5 percent net of investment and administrative expenses composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses. This rate is the same rate used to discount the actuarial accrued liability.

Rates of Annual Salary Increase

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

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

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

Actuarial Section

Active Member Decrement Rates

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

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

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

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

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

Disability Rates		
Age	PORS	
	Males	Females
25	0.1376%	0.1376%
30	0.1835%	0.1835%
35	0.3441%	0.3441%
40	0.4588%	0.4588%
45	0.6882%	0.6882%
50	0.8603%	0.8603%
55	0.0000%	0.0000%
60	0.0000%	0.0000%
64	0.0000%	0.0000%

Actuarial Section

c. Active Member Mortality

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

Active Mortality Rates (Multiplier Applied)		
Age	PORS	
	Males	Females
25	0.0338%	0.0186%
30	0.0653%	0.0264%
35	0.0978%	0.0467%
40	0.1234%	0.0790%
45	0.1614%	0.1248%
50	0.2171%	0.1767%
55	0.3776%	0.2516%
60	0.7443%	0.4454%
64	1.2430%	0.8222%
Multiplier	90%	90%

d. Rates of withdrawal

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

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

Actuarial Section

e. Post Retirement Mortality

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

Nondisabled Annuitant Mortality Rates Before Projection (Multiplier Applied)		
Age	PORS	
	Male	Female
50	0.2774%	0.2257%
55	0.4825%	0.3214%
60	0.9511%	0.5691%
65	1.7870%	1.1958%
70	3.0772%	2.1429%
75	4.9601%	3.5521%
80	8.1129%	5.6296%
85	13.2339%	9.5565%
90	20.9021%	15.7189%
Multiplier	115%	115%

Life Expectancy for an Age 65 Retiree in Years				
Member	Year of Retirement			
	2015	2020	2025	2030
Male	17.8	18.2	18.6	19.0
Female	19.7	19.9	20.1	20.4

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

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

Actuarial Section

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

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

Actuarial Cost Method

The individual Entry Age Normal cost method is used for the actuarial valuation of the retirement systems for funding purposes because it is the cost method that will produce the most level contributions as a percentage of payroll from year to year. It is also the method that most equitably allocates the pension costs among various generations of taxpayers. The Entry Age Normal actuarial cost method is also the actuarial cost method used for financial reporting purposes. The Entry Age Normal actuarial cost method allocates the plan's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

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

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

Unused Annual Leave

To account for the effect of unused annual leave in Average Final Compensation (AFC) of Class Two members, the AFC for Class Two members is increased 3.75 percent at their projected date of termination or retirement.

Unused Sick Leave

To account for the effect of unused sick leave on credited service for Class Two members, the service of active Class Two members who retire is increased three months.

Future Post-Retirement Benefit Adjustments

Benefits are assumed to increase by the lesser of 1.00 percent annually or \$500 beginning on the July 1st following the receipt of 12 monthly benefit payments. The \$500 limit in the annual increase is not indexed to escalate in future years.

Actuarial Section

Payroll Growth Rate

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

Other Assumptions

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

Actuarial Section

Participant Data

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

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

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

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

Actuarial Section

Police Officers Retirement System Development of Actuarial Value of Assets (Dollar amounts expressed in thousands)

	<u>July 1, 2013</u>
1. Actuarial Value of Assets at the Prior Valuation Date	\$ 3,808,934
2. Market Value of Assets at the Prior Valuation Date	\$ 3,269,990
3. Net External Cash Flow During the Year	
a. Contributions	\$ 240,583
b. Disbursements	(311,586)
c. Subtotal	<u>\$ (71,003)</u>
4. Expected Net Investment Income at 7.50% Earned On	
a. Actuarial Value of Assets at the Prior Valuation Date	\$ 285,670
b. Contributions	9,022
c. Disbursements	(11,684)
d. Subtotal	<u>\$ 283,008</u>
5. Expected Actuarial Value of Assets, End of Year (Item 1. + Item 3.c. + Item 4.d.)	\$ 4,020,939
6. Market Value of Assets as of the Current Valuation Date	\$ 3,526,448
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6. - Item 5.)	\$ (494,491)
8. Excess/(Shortfall) Recognized (20% of Item 7.)	\$ (98,898)
9. Actuarial Value of Plan Assets, End of Year (Item 5. + Item 8.)	\$ 3,922,041
10. Asset Gain (Loss) for Year (Item 9. - Item 5.)	\$ (98,898)
11. Asset Gain (Loss) as % of the Actuarial Value of Assets	(2.52%)
12. Ratio of AVA to MVA	111.2%

Actuarial Section

General Assembly Retirement System Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the Budget and Control Board and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recently completed experience analysis for the five year period ended June 30, 2010, the Boards adopted a number of changes in the actuarial assumptions which were adopted and utilized beginning with the July 1, 2011 annual valuations. In addition, the rates of retirement and disability incidence were subsequently modified as of July 1, 2012 to better model expected future mortality experience as a result of the pension reform bill enacted in 2012.

The following presents a summary of the actuarial assumptions and methods used in the valuation of the Retirement System for Members of the General Assembly of South Carolina for funding purposes and financial reporting purposes.

Investment Rate of Return

Assumed annual rate of 7.5 percent net of investment and administrative expenses composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses. This is the same rate used to discount the actuarial accrued liability.

Rates of Annual Salary Increase

No increases in salary are assumed.

Active Member Decrement Rates

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

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

Actuarial Section

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

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

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

Post Retirement Mortality

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

Healthy Annuitant Mortality Rates Before Projection		
Age	Male	Female
50	0.2138%	0.1508%
55	0.3624%	0.2445%
60	0.6747%	0.4550%
65	1.2737%	0.8735%
70	3.2206%	1.5068%
75	3.7834%	2.5295%
80	6.4368%	4.1291%
85	11.0757%	6.9701%
90	18.3408%	11.8514%
Multiplier	100%	90%

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

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

Life Expectancy for an Age 65 Retiree in Years				
Gender	Year of Retirement			
	2015	2020	2025	2030
Male	19.6	20.0	20.4	20.7
Female	22.3	22.5	22.7	22.9

Actuarial Section

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

Disabled Annuitant Mortality Rates		
Age	Males	Females
50	2.4629%	1.2689%
55	3.0126%	1.8198%
60	3.5736%	2.4023%
65	4.2648%	3.0829%
70	5.3196%	4.1398%
75	6.9757%	5.7453%
80	9.2966%	7.9543%
85	12.0363%	11.0223%
90	15.5897%	15.4054%
Multiplier	85%	110%

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

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

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

Actuarial Cost Method

The individual Entry Age Normal cost method is used for the actuarial valuation of the retirement systems for funding purposes because it is the cost method that will produce the most level contributions as a percentage of payroll from year to year. It is also the method that most equitably allocates the pension costs among various generations of taxpayers. The Entry Age Normal actuarial cost method is also the actuarial cost method used for financial reporting purposes. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level dollar amount necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation as-

Actuarial Section

sets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

Future Cost-of-living Increases

No increases are assumed.

Payroll Growth Rate

None assumed.

Other Assumptions

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

Participant Data

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

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

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

Actuarial Section

General Assembly Retirement System Development of Actuarial Value of Assets (Dollar amounts expressed in thousands)

		July 1, 2013
1. Actuarial Value of Assets at the Prior Valuation Date	\$	39,233
2. Market Value of Assets at the Prior Valuation Date	\$	31,431
3. Net External Cash Flow During the Year		
a. Contributions	\$	3,922
b. Disbursements		(6,540)
c. Subtotal	\$	(2,618)
4. Expected Net Investment Income at 7.50% Earned on		
a. Actuarial Value of Assets at the Prior Valuation Date	\$	2,942
b. Contributions		253
c. Disbursements		(245)
d. Subtotal	\$	2,950
5. Expected Actuarial Value of Assets, End of Year (Item 1. + Item 3.c. + Item 4.d.)	\$	39,565
6. Market Value of Assets as of the Current Valuation Date	\$	31,904
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6. - Item 5.)	\$	(7,661)
8. Excess/(Shortfall) Recognized (20% of Item 7.)	\$	(1,532)
9. Actuarial Value of Plan Assets, End of Year (Item 5. + Item 8.)	\$	38,033
10. Asset Gain (Loss) for Year (Item 9. - Item 5.)	\$	(1,532)
11. Asset Gain (Loss) as Percent of Actual Actuarial Assets		(4.0%)
12. Ratio of AVA to MVA		119.2%

Actuarial Section

Judges and Solicitors Retirement System Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the Budget and Control Board and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recently completed experience analysis for the five year period ended June 30, 2010, the Boards adopted a number of changes in the actuarial assumptions which were adopted and utilized beginning with the July 1, 2011 annual valuations. In addition, the rates of retirement and disability incidence were subsequently modified as of July 1, 2012 to better model expected future experience as a result of the pension reform bill enacted in 2012.

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

Investment Rate of Return

Assumed annual rate of 7.5 percent net of investment and administrative expenses composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses. This rate is the same rate used to discount the actuarial accrued liability.

Rates of Annual Salary Increase

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

Active Member Decrement Rates

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

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

Actuarial Section

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

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

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

Post Retirement Mortality

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

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

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

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

Life Expectancy for an Age 65 Retiree in Years				
Gender	Year of Retirement			
	2015	2020	2025	2030
Male	19.5	19.9	20.3	20.6
Female	22.4	22.6	22.8	22.9

Actuarial Section

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

Disabled Annuitant Mortality Rates		
Age	Males	Females
50	2.173%	1.269%
55	2.658%	1.820%
60	3.153%	2.402%
65	3.763%	3.083%
70	4.694%	4.140%
75	6.155%	5.745%
80	8.203%	7.954%
85	10.620%	11.022%
90	13.756%	15.405%
Multiplier	75%	110%

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

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

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

Actuarial Cost Method

The individual Entry Age Normal cost method is used for the actuarial valuation of the retirement systems for funding purposes because it is the cost method that will produce the most level contributions as a percentage of payroll from year to year. It is also the method that most equitably allocates the pension costs among various generations of taxpayers. The Entry Age Normal actuarial cost method is also the actuarial cost method used for financial reporting purposes. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

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

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

sumed that amortization payments are made monthly at the end of the month.

Future Cost-of-living Increases

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

Payroll Growth Rate

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

Other Assumptions

1. Percent married: 95 percent of male and female employees are assumed to be married.
2. Age difference: Males are assumed to be four years older than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested married participants are assumed to elect an immediate life annuity.
4. Inactive Population: All non-vested members are assumed to take an immediate refund. Members with a vested benefit are assumed to elect a deferred benefit commencing at their earliest commencement possible age.
5. There will be no recoveries once disabled.
6. Decrement timing: Decrements of all types are assumed to occur mid-year.
7. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
8. Benefit Service: All active members are assumed to accrue one year of eligibility service each year.

Participant Data

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

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

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

Actuarial Section

Judges and Solicitors Retirement System Development of Actuarial Value of Assets (Dollar amounts expressed in thousands)

		July 1, 2013
1. Actuarial Value of Assets at the Prior Valuation Date	\$	145,604
2. Market Value of Assets at the Prior Valuation Date	\$	123,359
3. Net External Cash Flow During the Year		
a. Contributions	\$	11,263
b. Disbursements		(15,873)
c. Subtotal	\$	(4,610)
4. Expected Net Investment Income at 7.50% Earned on		
a. Actuarial Value of Assets at the Prior Valuation Date	\$	10,920
b. Contributions		422
c. Disbursements		(595)
d. Subtotal	\$	10,747
5. Expected Actuarial Value of Assets, End of Year (Item 1. + Item 3.c. + Item 4.d.)	\$	151,741
6. Market Value of Assets as of the Current Valuation Date	\$	131,278
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6. - Item 5.)	\$	(20,463)
8. Excess/(Shortfall) Recognized (20% of Item 7.)	\$	(4,093)
9. Actuarial Value of Plan Assets, End of Year (Item 5. + Item 8.)	\$	147,648
10. Asset Gain (Loss) for Year (Item 9. - Item 5.)	\$	(4,093)
11. Asset Gain (Loss) as Percent of Actual Actuarial Assets		(2.77%)
12. Ratio of AVA to MVA		112.5%

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Summary of Actuarial Methods and Assumptions

Based on recommendations from the consulting actuary, the Budget and Control Board and the PEBA Board are responsible for adopting all actuarial methods and assumptions used in the annual actuarial valuations, except for the investment rate of return. Retirement reform legislation enacted in 2012 set the rate at 7.5 percent effective July 1, 2012 and requires that the assumed annual rate of return on investments be established by the General Assembly. South Carolina State Statute also requires that an experience analysis that reviews the economic and demographic assumptions be performed every five years. As a result of the most recently completed experience analysis for the five year period ended June 30, 2010, the Boards adopted a number of changes in the actuarial assumptions which were adopted and utilized beginning with the July 1, 2011 annual valuations. In addition, the rates of retirement and disability incidence were subsequently modified as of July 1, 2012 to better model expected future experience as a result of the pension reform bill enacted in 2012.

The following presents a summary of the actuarial assumptions and methods used in the valuation of the South Carolina National Guard Supplemental Retirement Plan for funding purposes and for financial reporting purposes.

Investment Rate of Return

Assumed annual rate of 7.50 percent net of investment and administrative expenses composed of a 2.75 percent inflation component and a 4.75 percent real rate of return, net of investment and administration expenses. This is the same rate used to discount the actuarial accrued liability.

Rates of Annual Salary Increase

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

Active Member Decrement Rates

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

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

Actuarial Section

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

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

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

Post Retirement Mortality

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

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

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

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

Life Expectancy for an Age 65 Retiree in Years				
Gender	Year of Retirement			
	2015	2020	2025	2030
Male	17.8	18.2	18.6	19.0
Female	19.7	19.9	20.1	20.4

Actuarial Section

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

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

Actuarial Cost Method

The individual Entry Age Normal cost method is used for the actuarial valuation of the retirement systems for funding purposes because it is the cost method that will produce the most level contributions as a percentage of payroll from year to year. It is also the method that most equitably allocates the pension costs among various generations of taxpayers. The Entry Age Normal actuarial cost method is also the actuarial cost method used for financial reporting purposes. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level dollar amount necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

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

Future Cost-of-Living Increases

No increases are assumed.

Payroll Growth Rate

None assumed.

Other Assumptions

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

Participant Data

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

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

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

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Development of Actuarial Value of Assets (Dollar amounts expressed in thousands)

		July 1, 2013
1. Actuarial Value of Assets at the Prior Valuation Date	\$	20,814
2. Market Value of Assets at the Prior Valuation Date	\$	17,417
3. Net External Cash Flow During the Year		
a. Contributions	\$	4,539
b. Disbursements		(4,193)
c. Subtotal	\$	346
4. Expected Net Investment Income at 7.50% Earned on		
a. Actuarial Value of Assets at the Prior Valuation Date	\$	1,561
b. Contributions		340
c. Disbursements		(157)
d. Subtotal	\$	1,744
5. Expected Actuarial Value of Assets, End of Year (Item 1. + Item 3.c. + Item 4.d.)	\$	22,904
6. Market Value of Assets as of the Current Valuation Date	\$	19,424
7. Difference Between Expected Actuarial Assets and Market Value of Assets (Item 6. - Item 5.)	\$	(3,480)
8. Excess/(Shortfall) Recognized (20% of Item 7.)	\$	(696)
9. Actuarial Value of Plan Assets, End of Year (Item 5. + Item 8.)	\$	22,208
10. Asset Gain (Loss) for Year (Item 9. - Item 5.)	\$	(696)
11. Asset Gain (Loss) as Percent of Actual Actuarial Assets		(3.1%)
12. Ratio of AVA to MVA		114.3%

Actuarial Section

South Carolina Retirement System Summary of Historical Active Membership As of July 1, 2013

July 1	Number of Employers ²	Active Members		Covered Payroll ¹		Average Annual Pay		Average Age	Average Service
		Number	Percent Increase/ (Decrease)	Amount in Thousands	Percent Increase/ (Decrease)	Amount	Percent Increase/ (Decrease)		
2013	808	184,690	(0.6%)	\$7,434,820	(1.1%)	\$40,256	1.65%	45	10.2
2012	806	185,748	(1.0%)	7,356,231	(4.3%)	39,603	(3.35%)	45	10.4
2011	803	187,611	(1.4%)	7,687,558	(1.1%)	40,976	0.33%	45	10.5
2010	800	190,239	(1.1%)	7,769,820	(4.7%)	40,842	1.20%	45	10.2
2009	781	192,319	(0.3%)	7,761,808	2.7%	40,359	2.95%	45	10.0
2008	776	192,820	2.6%	7,559,172	6.6%	39,203	3.89%	45	9.7
2007	777	187,968	2.0%	7,093,181	5.3%	37,736	3.28%	45	9.8
2006	763	184,282	1.8%	6,733,379	5.9%	36,538	4.06%	45	9.9
2005	768	181,022	(0.4%)	6,356,489	2.8%	35,114	3.30%	44	9.6
2004	763	181,827	(2.0%)	6,180,599	(1.0%)	33,992	1.06%	44	9.8

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

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

Police Officers Retirement System Summary of Historical Active Membership As of July 1, 2013

July 1	Number of Employers ²	Active Members		Covered Payroll ¹		Average Annual Pay		Average Age	Average Service
		Number	Percent Increase/ (Decrease)	Amount in Thousands	Percent Increase/ (Decrease)	Amount	Percent Increase/ (Decrease)		
2013	356	26,194	0.1%	\$1,033,189	1.4%	\$39,444	1.31%	40	9.4
2012	325	26,179	(1.8%)	1,019,241	(6.3%)	38,934	(4.60%)	40	9.5
2011	356	26,650	0.3%	1,087,587	1.0%	40,810	0.72%	40	9.6
2010	322	26,568	(0.1%)	1,076,467	(0.7%)	40,517	(0.60%)	40	8.7
2009	318	26,598	0.6%	1,084,154	2.2%	40,761	1.55%	40	8.4
2008	313	26,427	3.0%	1,060,747	6.8%	40,139	3.68%	39	8.2
2007	313	25,645	3.4%	992,849	6.6%	38,715	3.09%	39	8.3
2006	314	24,813	4.3%	931,815	9.5%	37,554	5.05%	40	8.3
2005	314	23,795	0.3%	850,610	3.4%	35,747	3.16%	39	8.2
2004	314	23,734	(0.6%)	822,448	2.8%	34,653	3.35%	39	8.2

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

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

Actuarial Section

General Assembly Retirement System Summary of Historical Active Membership As of July 1, 2013

July 1	Number of Employers ²	Active Members ¹		Covered Payroll		Average Annual Pay		Average Age	Average Service
		Number ¹	Percent Increase/ (Decrease)	Amount in Thousands ¹	Percent Increase/ (Decrease)	Amount	Percent Increase/ (Decrease)		
2013	2	119	(30.0%)	\$ 2,688	(30.3%)	\$ 22,588	(0.40%)	54	11.8
2012	2	170	0.0%	3,854	0.0%	22,671	0.00%	53	10.8
2011	2	170	0.0%	3,854	0.0%	22,671	0.00%	53	9.8
2010	2	170	0.0%	3,854	0.0%	22,671	0.00%	52	10.2
2009	2	170	0.0%	3,854	0.0%	22,671	0.00%	51	9.0
2008	2	170	0.0%	3,854	0.0%	22,671	0.00%	52	10.4
2007	2	170	0.0%	3,854	0.0%	22,671	0.00%	52	10.8
2006	2	170	0.0%	3,854	0.0%	22,671	0.00%	51	10.6
2005	2	170	0.0%	3,853	0.4%	22,668	0.38%	51	10.2
2004	2	170	0.0%	3,839	(0.1%)	22,582	(0.13%)	52	11.1

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

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

Judges and Solicitors Retirement System Summary of Historical Active Membership As of July 1, 2013

July 1	Active Members ¹		Amount in Thousands ¹	Average Annual Pay		Average Age	Average Service
	Number of Employers ²	Number ¹		Amount	Percent Increase (Decrease)		
2013	3	153	\$ 20,407	\$ 133,381	(0.07%)	56	15.5
2012	3	144	19,221	133,476	3.00%	56	15.1
2011	3	144	18,661	129,590	0.00%	55	14.3
2010	3	144	18,661	129,590	0.00%	55	15.0
2009	3	144	18,661	129,590	0.00%	55	15.4
2008	3	144	18,661	129,590	1.10%	54	15.7
2007	2	128	16,407	128,176	3.00%	55	19.4
2006	2	128	15,929	124,445	3.00%	55	20.1
2005	2	128	15,465	120,820	4.00%	55	19.5
2004	2	128	14,870	116,172	3.00%	54	17.9

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

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

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Summary of Historical Active Membership As of July 1, 2013

July 1	Number of Employers	Number of Members	Annual Payroll ¹	Average Pay ¹	Percentage Increase In Average Pay ¹	Average Age	Average Service
2013	1	11,997	N/A	N/A	N/A	32	9.5
2012	1	12,041	N/A	N/A	N/A	32	9.2
2011	1	12,271	N/A	N/A	N/A	32	9.3
2010	1	12,445	N/A	N/A	N/A	32	9.0
2009	1	12,599	N/A	N/A	N/A	32	8.7
2008	1	12,559	N/A	N/A	N/A	31	8.0
2007 ²	1	11,076	N/A	N/A	N/A	32	10
2006	1	2,502	N/A	N/A	N/A	45	23
2005	1	2,864	N/A	N/A	N/A	45	23
2004	1	3,425	N/A	N/A	N/A	N/A	N/A

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

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

Actuarial Section

South Carolina Retirement System Summary of Active Membership Data As of July 1, 2013 (Dollar amounts expressed in thousands)

GROUP	NUMBER ¹	ANNUAL COMPENSATION ²
State Employees	49,198	\$ 2,093,573
Public School Employees	82,325	3,099,720
Other Agency Employees	53,167	1,909,730
Total	184,690	\$ 7,103,023

¹ In addition, there are 156,231 inactive members with contributions still in the system. The results of the valuation were adjusted to take these members into account.

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

Police Officers Retirement System Summary of Active Membership Data As of July 1, 2013 (Dollar amounts expressed in thousands)

GROUP	NUMBER ¹	ANNUAL COMPENSATION ²
State Employees	9,617	\$ 338,792
Public School Employees	0	0
Other Agency Employees	16,577	645,393
Total	26,194	\$ 984,185

¹ In addition, there are 12,506 inactive members with contributions still in the system. The results of the valuation were adjusted to take these members into account.

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

Actuarial Section

General Assembly Retirement System Summary of Active Membership Data As of July 1, 2013 (Dollar amounts expressed in thousands)

NUMBER	ANNUAL COMPENSATION
119	\$ 2,688

Note: There are 42 inactive members with contributions still in the system, and there are 14 special contributors. The results of the valuation were adjusted to take these members into account. Numbers shown above include members receiving retirement benefits while continuing in office.

Judges and Solicitors Retirement System Summary of Active Membership Data As of July 1, 2013 (Dollar amounts expressed in thousands)

NUMBER	ANNUAL COMPENSATION
153	\$ 20,407

Note: The number of active members reflects the number of seats, including 18 participants who are either in the DROP or have retired in place and are receiving retirement benefits while continuing in office. There are two inactive members with contributions still in the system. The results of the valuation were adjusted to take these members into account.

Actuarial Section

South Carolina Retirement System Summary of Membership Data

	<u>July 1, 2013</u>	<u>July 1, 2012</u>
Service retirees		
a. Number	105,813	100,685
b. Total annual benefits	\$ 2,227,337,459	\$ 2,084,693,740
c. Average annual benefits	\$ 21,050	\$ 20,705
d. Average age at the valuation date	68.9	68.9
Disabled retirees		
a. Number	13,329	12,941
b. Total annual benefits	\$ 180,095,624	\$ 172,979,230
c. Average annual benefits	\$ 13,512	\$ 13,367
d. Average age at the valuation date	62.4	62.2
Beneficiaries		
a. Number	8,554	8,301
b. Total annual benefits	\$ 99,194,071	\$ 94,514,806
c. Average annual benefits	\$ 11,596	\$ 11,386
d. Average age at the valuation date	67.5	67.4

Police Officers Retirement System Summary of Membership Data

	<u>July 1, 2013</u>	<u>July 1, 2012</u>
Service retirees		
a. Number	12,153	11,328
b. Total annual benefits	\$ 247,127,574	\$ 227,747,206
c. Average annual benefits	\$ 20,335	\$ 20,105
d. Average age at the valuation date	63.7	63.8
Disabled retirees		
a. Number	2,259	2,151
b. Total annual benefits	\$ 44,953,501	\$ 42,234,375
c. Average annual benefits	\$ 19,900	\$ 19,635
d. Average age at the valuation date	53.9	53.6
Beneficiaries		
a. Number	1,205	1,174
b. Total annual benefits	\$ 14,325,696	\$ 13,947,504
c. Average annual benefits	\$ 11,889	\$ 11,880
d. Average age at the valuation date	67.9	67.9

Actuarial Section

General Assembly Retirement System Summary of Membership Data

	<u>July 1, 2013</u>	<u>July 1, 2012</u>
Service retirees		
a. Number	285	280
b. Total annual benefits	\$ 5,609,504	\$ 5,521,922
c. Average annual benefits	\$ 19,682	\$ 19,721
d. Average age at the valuation date	71.9	72.1
Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ 0	\$ 0
c. Average annual benefits	\$ 0	\$ 0
d. Average age at the valuation date	N/A	N/A
Beneficiaries		
a. Number	78	78
b. Total annual benefits	\$ 1,144,515	\$ 1,140,649
c. Average annual benefits	\$ 14,673	\$ 14,624
d. Average age at the valuation date	78.3	77.1

Judges and Solicitors Retirement System Summary of Membership Data

	<u>July 1, 2013</u>	<u>July 1, 2012</u>
Service retirees		
a. Number ¹	147	143
b. Total annual benefits	\$ 14,359,793	\$ 13,991,064
c. Average annual benefits	\$ 97,686	\$ 97,840
d. Average age at the valuation date	70.2	69.7
Disabled retirees		
a. Number	1	1
b. Total annual benefits	\$ 95,702	\$ 95,702
c. Average annual benefits	\$ 95,702	\$ 95,702
d. Average age at the valuation date	78.7	77.7
Beneficiaries		
a. Number	53	56
b. Total annual benefits	\$ 1,501,885	\$ 1,633,601
c. Average annual benefits	\$ 28,337	\$ 29,171
d. Average age at the valuation date	69.6	70.6

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

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Summary of Membership Data

	<u>July 1, 2013</u>	<u>July 1, 2012</u>
Active members		
a. Males	9,958	10,090
b. Females	<u>2,039</u>	<u>1,951</u>
c. Total Members	11,997	12,041
d. Average age	32.0	31.8
d. Average service	9.5	9.2
Vested inactive members		
a. Number	2,292	2,484
b. Total annual deferred benefits	\$ 1,801,320	\$ 1,951,320
c. Average annual deferred benefit	\$ 786	\$ 786
Service retirees		
a. Number	4,541	4,419
b. Total annual benefits	\$ 4,167,540	\$ 4,072,980
c. Average annual benefit	\$ 918	\$ 922
d. Average age	69.3	69.0

Actuarial Section

South Carolina Retirement System Schedule of Retirants Added to and Removed from Rolls¹ (Dollar amounts except average allowance expressed in thousands)

July 1	Added to Rolls ²		Removed from Rolls ³		Rolls End of the Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2013	9,088	\$ 204,581	3,319	\$ 50,142	127,696	\$ 2,506,627	6.6%	\$ 19,630
2012	9,523	205,050	2,968	44,099	121,927	2,352,188	7.3%	19,292
2011	6,336	141,242	2,358	31,382	115,372	2,191,236	5.3%	18,993
2010	6,596	151,348	3,216	44,049	111,394	2,081,376	5.4%	18,685
2009	6,190	101,813	2,698	36,834	108,014	1,974,077	3.4%	18,276
2008	6,021	132,856	2,396	30,178	104,522	1,909,098	5.7%	18,265
2007	5,944	130,286	2,252	28,455	100,897	1,806,420	6.0%	17,904
2006	4,621	118,271	2,083	24,099	97,205	1,704,589	5.8%	17,536
2005	7,203	167,748	2,143	23,537	94,667	1,610,417	9.8%	17,011
2004	7,319	151,477	2,132	22,656	89,607	1,466,206	9.6%	16,363

Police Officers Retirement System Schedule of Retirants Added to and Removed from Rolls (Dollar amounts except average allowance expressed in thousands)

July 1	Added to Rolls ²		Removed from Rolls ³		Rolls End of the Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2013	1,278	\$ 27,584	314	\$ 5,106	15,617	\$ 306,407	7.9%	\$ 19,620
2012	1,566	34,086	271	4,143	14,653	83,929	11.8%	19,377
2011	1,042	22,580	250	2,970	13,358	253,986	8.4%	19,014
2010	943	21,877	327	5,000	12,566	234,376	7.8%	18,652
2009	931	17,937	267	3,879	11,950	217,499	6.9%	18,201
2008	779	17,458	194	2,691	11,286	203,441	7.8%	18,026
2007	772	16,474	205	2,745	10,701	188,674	7.8%	17,631
2006	678	16,880	205	2,691	10,134	174,945	8.8%	17,263
2005	778	12,576	173	2,147	9,661	160,756	9.8%	16,640
2004	894	16,256	265	2,923	9,056	146,348	10.0%	16,114

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

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

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

Actuarial Section

General Assembly Retirement System Schedule of Retirants Added to and Removed from Rolls (Dollar amounts except average allowance expressed in thousands)

<u>July 1</u>	<u>Added to Rolls²</u>		<u>Removed from Rolls³</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
2013	22	\$ 444	17	\$ 353	363	\$ 6,754	1.4%	\$ 18,606
2012	16	251	11	130	358	6,663	1.8%	18,611
2011	12	238	5	108	353	6,542	2.0%	18,534
2010	7	148	14	261	346	6,412	(1.7%)	18,532
2009	26	505	15	266	353	6,525	3.8%	18,484
2008	19	337	10	134	342	6,286	3.3%	18,380
2007	18	321	2	13	333	6,083	5.3%	18,267
2006	13	238	8	179	317	5,775	1.0%	18,218
2005	22	486	7	125	312	5,716	6.8%	18,321
2004	12	185	9	119	297	5,353	1.2%	18,024

Judges and Solicitors Retirement System Schedule of Retirants Added to and Removed from Rolls¹ (Dollar amounts except average allowance expressed in thousands)

<u>July 1</u>	<u>Added to Rolls²</u>		<u>Removed from Rolls³</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
2013	10	\$ 279	9	\$ 42	201	\$ 15,957	1.5%	\$ 79,388
2012	6	912	4	184	200	15,720	4.9%	78,600
2011	9	827	5	196	198	14,992	4.4%	75,717
2010	18	1,210	8	593	194	14,361	4.5%	74,025
2009	10	903	4	259	184	13,744	4.9%	74,696
2008	6	545	3	156	178	13,100	3.1%	73,596
2007	32	2,690	1	30	175	12,711	26.5%	72,634
2006	4	464	1	28	144	10,051	4.5%	69,799
2005	3	581	1	27	141	9,615	6.1%	68,191
2004	11	925	2	139	139	9,061	9.5%	65,190

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

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

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

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan Schedule of Retirants Added to and Removed from Rolls (Dollar amounts except average allowance expressed in thousands)

<u>July 1</u>	<u>Added to Rolls</u>		<u>Removed from Rolls¹</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
2013	244	\$ 211	122	\$ 116	4,541	\$ 4,168	2.3%	\$ 918
2012	259	228	92	87	4,419	4,073	3.6%	922
2011	399	351	98	93	4,252	3,932	7.0%	925
2010	267	237	101	99	3,951	3,674	3.9%	930
2009	378	335	85	83	3,785	3,536	7.7%	934
2008	364	331	76	75	3,492	3,284	8.5%	940
2007	362	329	61	58	3,204	3,028	9.8%	945
2006	303	276	90	91	2,903	2,757	7.2%	950
2005	244	214	89	81	2,690	2,572	5.5%	956
2004					2,535	2,439	12.9%	962

¹Sufficient data is not available to complete these columns for years ending before June 30, 2005.

Actuarial Section

Schedule of Funding Progress (Dollar amounts expressed in thousands)¹

SCRS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability(UAAL)	Funded Ratio	Annual Covered Payroll ²	UAAL as % of Payroll
	2013	\$25,753,068	\$41,196,062	\$ 15,442,994	62.5%	\$ 7,434,820	207.7%
	2012	25,540,749	39,457,708	13,916,959	64.7%	7,356,231	189.2%
	2011	25,604,823	38,011,610	12,406,787	67.4%	7,687,558	161.4%
	2010	25,400,331	38,774,029	13,373,698	65.5%	7,769,820	172.1%
	2009	25,183,062	37,150,315	11,967,253	67.8%	7,761,808	154.2%
	2008	24,699,678	35,663,419	10,963,741	69.3%	7,559,172	145.0%
	2007	23,541,438	33,766,678	10,225,240	69.7%	7,093,181	144.2%
	2006	22,293,446	32,018,519	9,725,073	69.6%	6,733,379	144.4%
	2005	21,625,510	30,217,471	8,591,961	71.6%	6,356,489	135.2%
	2004	20,862,659	25,977,852	5,115,193	80.3%	6,180,599	82.8%

PORS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability(UAAL)	Funded Ratio	Annual Covered Payroll ²	UAAL as % of Payroll
	2013	\$ 3,922,041	\$ 5,663,756	\$ 1,741,715	69.2%	\$ 1,033,189	168.6%
	2012	3,808,934	5,357,492	1,548,558	71.1%	1,019,241	151.9%
	2011	3,728,241	5,122,501	1,394,260	72.8%	1,087,587	128.2%
	2010	3,612,700	4,850,457	1,237,757	74.5%	1,076,467	115.0%
	2009	3,482,220	4,564,111	1,081,891	76.3%	1,084,154	99.8%
	2008	3,363,136	4,318,955	955,819	77.9%	1,060,747	90.1%
	2007	3,160,240	3,730,544	570,304	84.7%	992,849	57.4%
	2006	2,935,841	3,466,281	530,440	84.7%	931,815	56.9%
	2005	2,774,606	3,173,930	399,324	87.4%	850,610	46.9%
	2004	2,616,835	2,984,584	367,749	87.7%	822,448	44.7%

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

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

Note: Effective 7-1-2005, actuarial assumptions were changed to include an increase in member contributions to 6.25 percent of earnings for fiscal year 2006 and 6.50 percent beginning fiscal year 2007; all return-to-work retirees and those TERI participants who joined the system after 7-01-2005 contributing at the same rate as active employees; a reduction in the interest rate credited to accumulated employee contributions from 6 percent to 4 percent; and the addition of a guaranteed COLA equal to the change in CPI, but not to exceed 1 percent, for SCRS retirees beginning the July 1st following a full year of annuity payments.

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

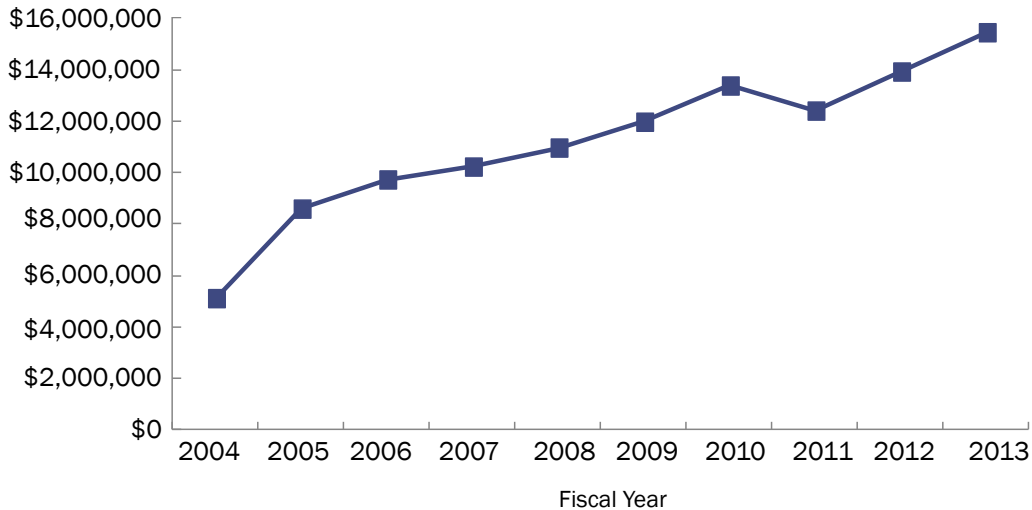
Effective 7-1-2011, actuarial assumptions were changed as a result of a 5 year experience study. The investment return assumption, inflation assumption, rate of salary increases, payroll growth assumption, post-retirement mortality assumption for all groups, retirement rates and termination rates were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

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

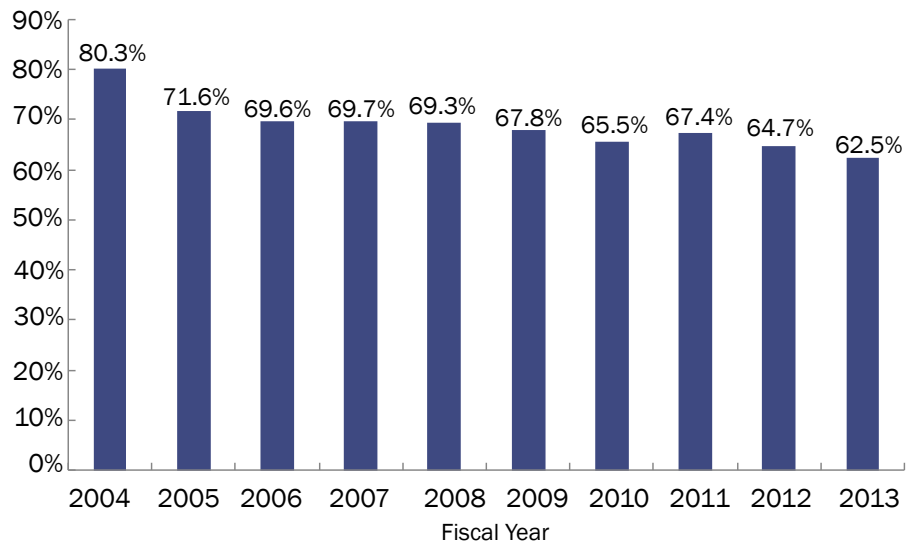
Actuarial Section

South Carolina Retirement System Funding Progress with Funded Ratios¹

Unfunded Accrued Liabilities (Amounts expressed in thousands)



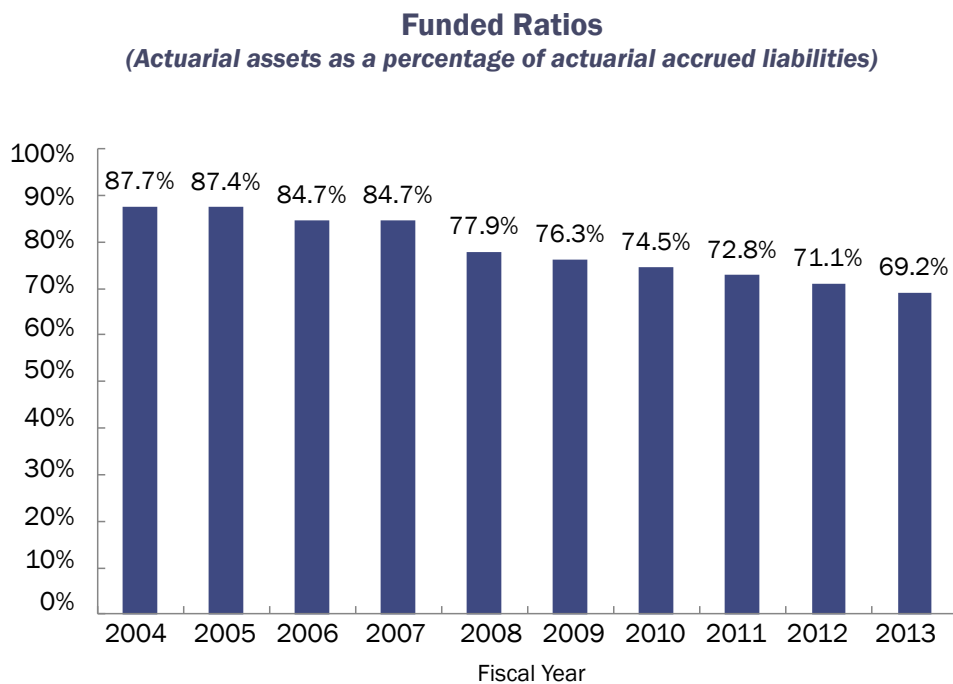
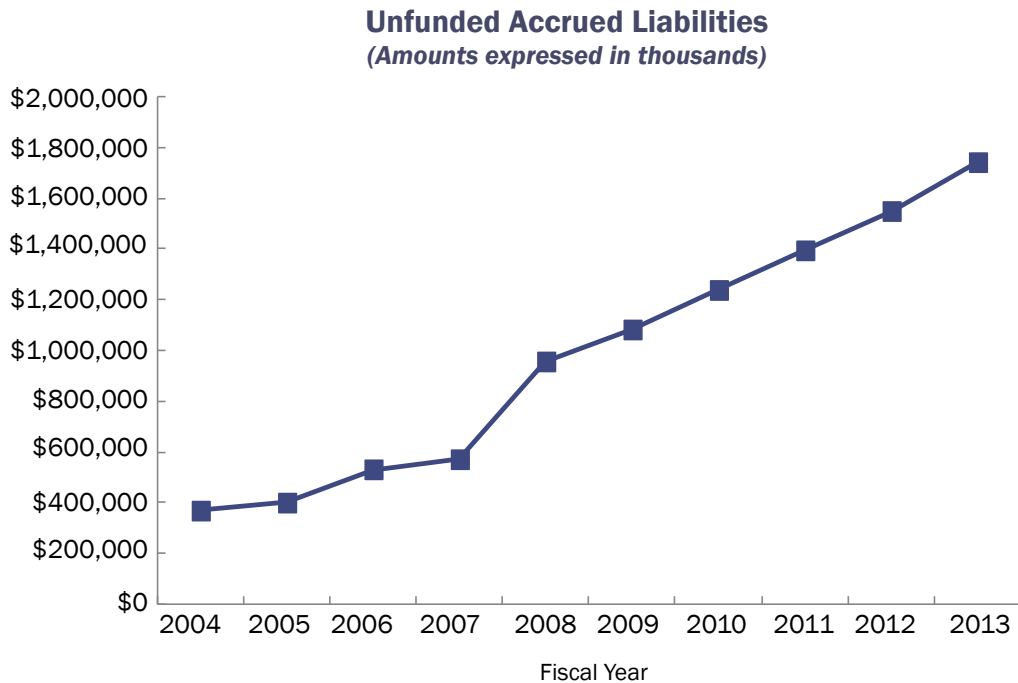
Funded Ratios (Actuarial assets as a percentage of actuarial accrued liabilities)



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

Actuarial Section

Police Officers Retirement System Funding Progress with Funded Ratios¹



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

Actuarial Section

Schedule of Funding Progress (Dollar amounts expressed in thousands)

GARS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll ¹	UAAL as % of Payroll
	2013	\$ 38,033	\$ 75,639	\$ 37,606	50.3%	\$ 2,688	1,399.0%
	2012	39,233	74,332	35,099	52.8%	3,854	910.7%
	2011	41,484	74,604	33,120	55.6%	3,854	859.4%
	2010	43,712	68,671	24,959	63.7%	3,854	647.6%
	2009	45,891	68,491	22,600	67.0%	3,854	586.4%
	2008	47,189	69,122	21,933	68.3%	3,854	569.1%
	2007	46,925	71,014	24,089	66.1%	3,854	625.0%
	2006	46,075	69,734	23,659	66.1%	3,854	613.9%
	2005	46,316	69,161	22,845	67.0%	3,853	592.9%
	2004	45,087	68,332	23,245	66.0%	3,839	605.5%

¹Prior to 2013 the annual covered payroll included the payroll of filled and unfilled positions.

JSRS	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	2013	\$ 147,648	\$ 256,988	\$ 109,340	57.5%	\$ 20,407	535.8%
	2012	145,604	251,729	106,125	57.8%	19,221	552.1%
	2011	144,927	243,514	98,587	59.5%	18,661	528.3%
	2010	142,871	215,823	72,952	66.2%	18,661	390.9%
	2009	141,797	214,363	72,566	66.1%	18,661	388.9%
	2008	138,323	213,406	75,083	64.8%	18,661	402.4%
	2007	132,990	229,388	96,398	58.0%	16,407	587.5%
	2006	124,837	211,384	86,547	59.1%	15,929	543.3%
	2005	118,888	204,847	85,959	58.0%	15,465	555.8%
	2004	112,016	185,052	73,036	60.5%	14,870	491.2%

Note: Effective 7-1-2005, actuarial assumptions were changed to include updated normal retirement rates based on analysis of historical normal retirement experience.

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

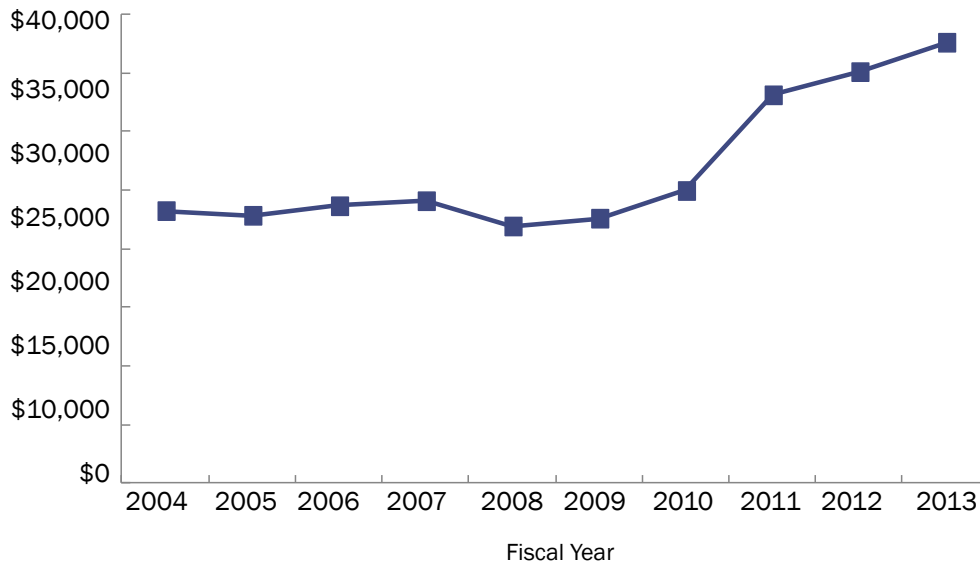
Effective 7-1-2011, actuarial assumptions were changed as a result of a 5 year experience study. The investment return assumption, inflation assumption and the mortality assumption were revised for both GARS and JSRS. The actuarial valuation of asset method was changed from one that recognized the difference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

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

Actuarial Section

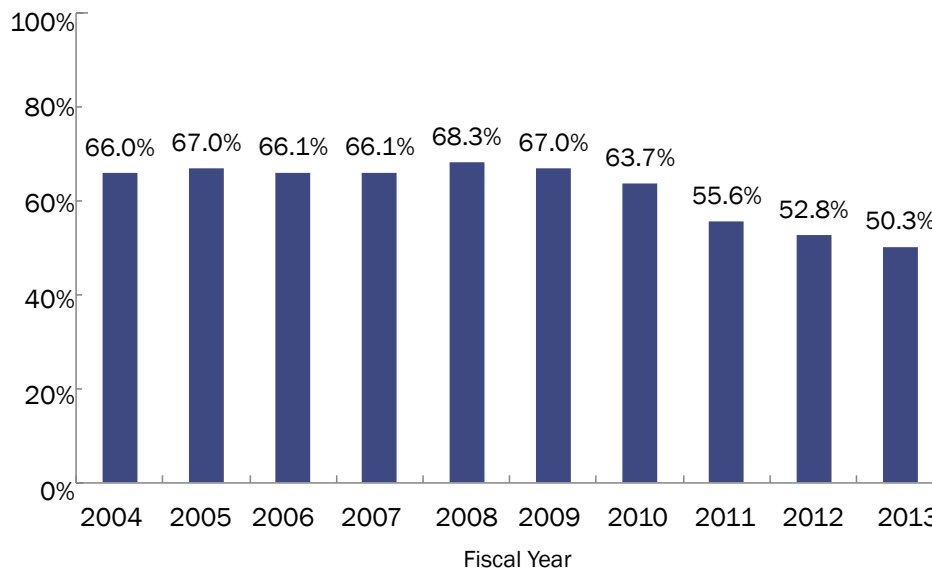
General Assembly Retirement System Funding Progress with Funded Ratios¹

Unfunded Accrued Liabilities (Amounts expressed in thousands)



Funded Ratios

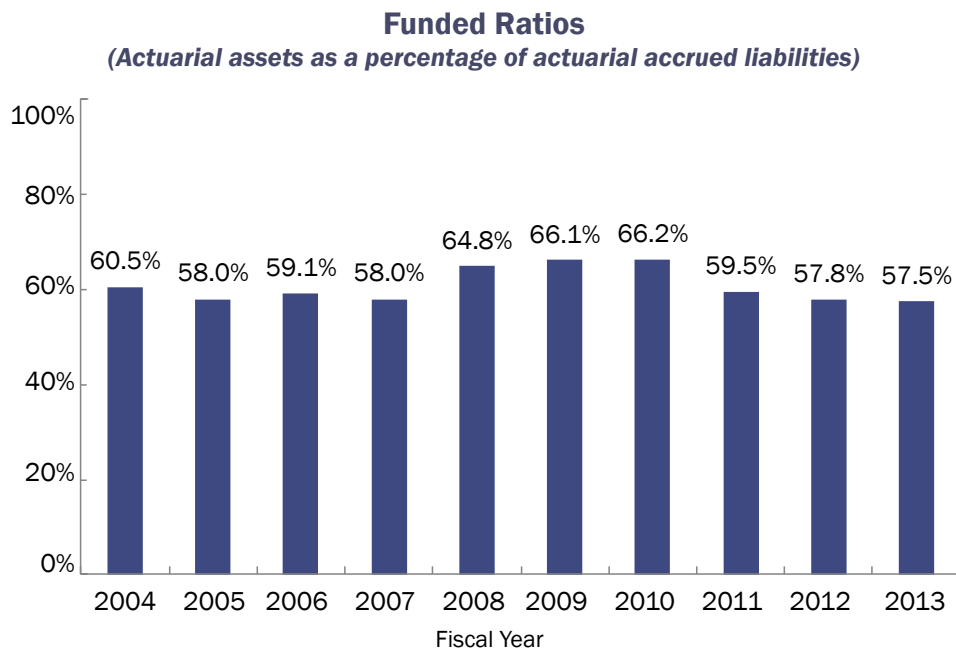
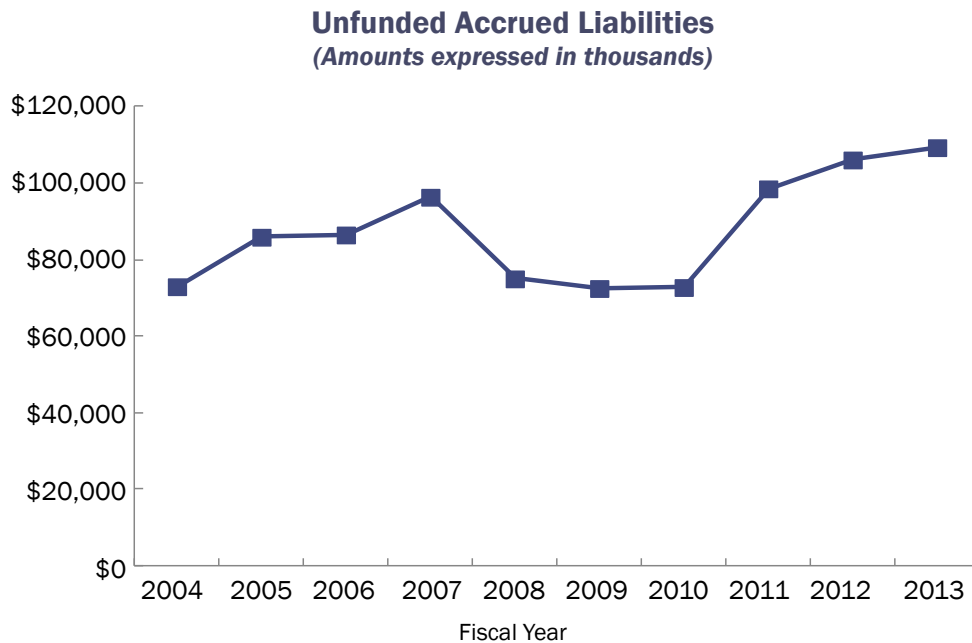
(Actuarial assets as a percentage of actuarial accrued liabilities)



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

Actuarial Section

Judges and Solicitors Retirement System Funding Progress with Funded Ratios¹



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

Actuarial Section

Schedule of Funding Progress (Dollar amounts expressed in thousands)

SCNG	Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	2013	\$ 22,208	\$ 61,576	\$ 39,368	36.1%	N/A	N/A
	2012	20,814	60,942	40,128	34.2%	N/A	N/A
	2011	20,138	60,388	40,250	33.3%	N/A	N/A
	2010	19,458	54,153	34,695	35.9%	N/A	N/A
	2009	18,600	53,421	34,821	34.8%	N/A	N/A
	2008	17,426	53,534	36,108	32.6%	N/A	N/A
	2007	15,937	55,917	39,980	28.5%	N/A	N/A
	2006	14,046	48,755	34,709	28.8%	N/A	N/A
	2005	12,151	46,985	34,835	25.9%	N/A	N/A
	2004	13,567	47,281	33,714	28.7%	N/A	N/A

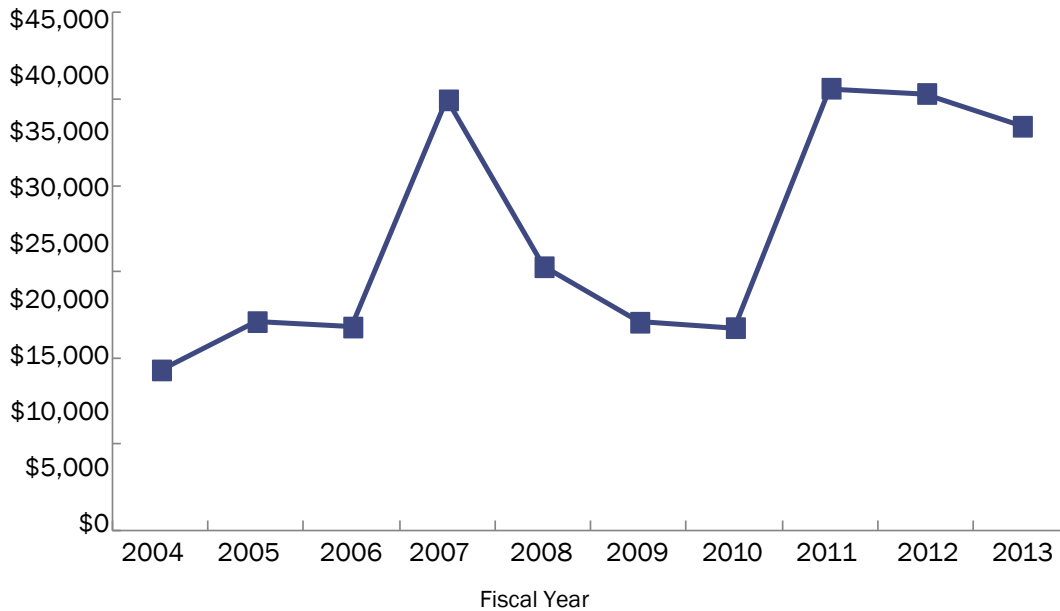
Note: Changes in the investment return assumptions were adopted by the Board for the 7-01-2008 valuation for all plans.

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

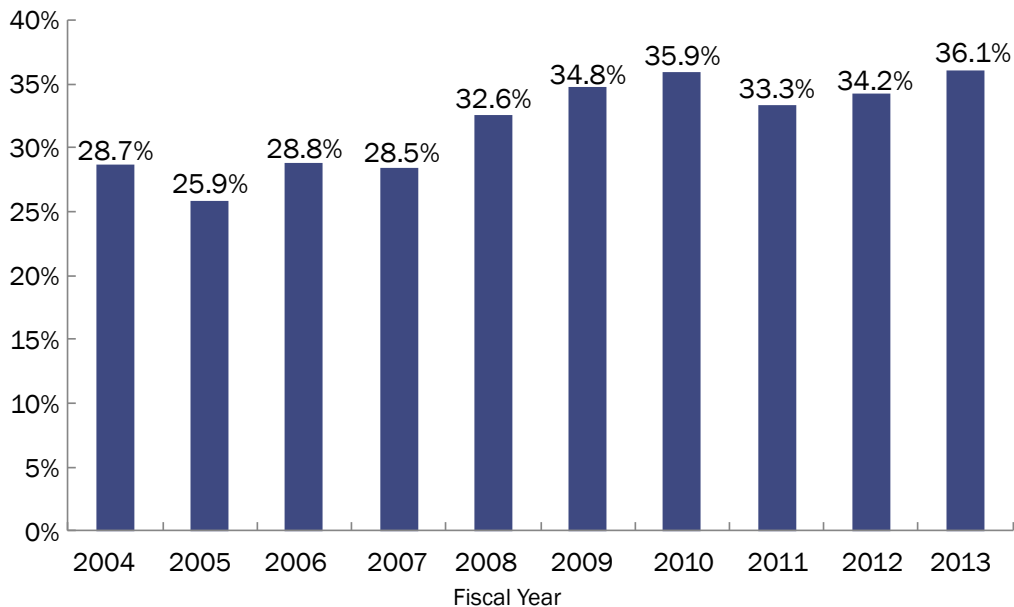
Actuarial Section

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

Unfunded Accrued Liabilities (Amounts expressed in thousands)



Funded Ratios (Actuarial assets as a percentage of actuarial accrued liabilities)



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

Actuarial Section

South Carolina Retirement System Reconciliation of UAAL As of July 1, 2013 (Amounts expressed in thousands)

Item:	<u>Amount of Increase/Decrease</u>
Beginning of Year UAAL	\$ 13,916,959
Interest on UAAL	1,043,772
Amortization payment with interest	(917,457)
Assumption/method changes	0
Asset Experience	740,436
COLA	0
Salary Experience	(28,062)
Other Liability Experience	687,346
Legislative Changes	<u>0</u>
End of Year UAAL	<u>\$ 15,442,994</u>

Police Officers Retirement System Reconciliation of UAAL As of July 1, 2013 (Amounts expressed in thousands)

Item:	<u>Amount of Increase/Decrease</u>
Beginning of Year UAAL	\$ 1,548,558
Interest on UAAL	116,142
Amortization payment with interest	(98,108)
Assumption/method changes	0
Asset Experience	98,898
COLA	0
Salary Experience	14,424
Other Liability Experience	60,981
Legislative Changes	<u>820</u>
End of Year UAAL	<u>\$ 1,741,715</u>

Actuarial Section

General Assembly Retirement System Reconciliation of UAAL As of July 1, 2013 (Amounts expressed in thousands)

Item:	Amount of Increase/Decrease
Beginning of Year UAAL	\$ 35,099
Interest on UAAL	2,632
Amortization payment with interest	(2,723)
Assumption change	0
Asset Experience	1,532
Liability Experience	1,066
Legislative Changes	0
End of Year UAAL	<u>\$ 37,606</u>

Judges and Solicitors Retirement System Reconciliation of UAAL As of July 1, 2013 (Amounts expressed in thousands)

Item:	Amount of Increase/Decrease
Beginning of Year UAAL	\$ 106,125
Interest on UAAL	7,959
Amortization payment with interest	(6,839)
Assumption/method changes	0
Asset Experience	4,093
COLA	(5,358)
Salary Experience	2
Other Liability Experience	3,358
Legislative Changes	0
End of Year UAAL	<u>\$ 109,340</u>

Actuarial Section

South Carolina National Guard Supplemental Retirement Plan

Reconciliation of UAAL

As of July 1, 2013

(Amounts expressed in thousands)

Item:	Amount of Increase/Decrease
Beginning of Year UAAL	\$ 40,128
Interest on UAAL	3,010
Amortization payment with interest	(4,142)
Assumption change	0
Asset Experience	696
Liability Experience	(324)
Legislative Changes	0
End of Year UAAL	<u>\$ 39,368</u>

Actuarial Section

Solvency Test (Dollar amounts expressed in thousands)

Actuarial Accrued Liability						Portion of Aggregate Accrued Liabilities Covered by Assets		
	July 1	Active Member Contributions	Retirants & Beneficiaries	Active & Inactive Members (Employer Financed)	Valuation Assets	Active	Retirants	Employer Financed
SCRS	2013	\$ 6,491,895	\$ 26,548,472	\$ 8,155,695	\$ 25,753,068	100%	72.6%	0.0%
	2012	6,459,192	24,732,406	8,266,110	25,540,749	100%	77.2%	0.0%
	2011	6,472,646	23,160,658	8,378,306	25,604,823	100%	82.6%	0.0%
	2010	6,222,854	22,585,243	9,965,932	25,400,331	100%	84.9%	0.0%
	2009	5,980,022	21,381,561	9,788,732	25,183,062	100%	89.8%	0.0%
	2008	5,708,620	20,624,862	9,329,937	24,699,678	100%	92.1%	0.0%
	2007	5,464,756	19,084,672	9,217,250	23,541,438	100%	94.7%	0.0%
	2006	5,229,175	17,800,254	8,989,090	22,293,446	100%	95.9%	0.0%
	2005	4,915,423	16,891,954	8,410,094	21,625,510	100%	98.9%	0.0%
	2004	4,750,077	14,184,765	7,043,010	20,862,659	100%	100%	27.4%
PORS	2013	\$ 793,414	\$ 3,385,496	\$ 1,484,846	\$ 3,922,041	100%	92.4%	0.0%
	2012	773,710	3,118,016	1,465,766	3,808,934	100%	97.3%	0.0%
	2011	786,724	2,784,144	1,551,633	3,728,241	100%	100%	10.1%
	2010	758,695	2,577,772	1,513,990	3,612,700	100%	100%	18.2%
	2009	726,214	2,348,685	1,489,212	3,482,220	100%	100%	27.4%
	2008	697,423	2,183,645	1,437,887	3,363,136	100%	100%	33.5%
	2007	658,023	1,818,914	1,253,607	3,160,240	100%	100%	54.5%
	2006	622,008	1,668,449	1,175,824	2,935,841	100%	100%	54.9%
	2005	585,701	1,530,199	1,058,030	2,774,606	100%	100%	62.0%
	2004	548,699	1,415,627	1,020,258	2,616,835	100%	100%	64.0%

Note: Effective 7-1-2005, actuarial assumptions were changed to include an increase in member contributions to 6.25 percent of earnings for fiscal year 2006 and 6.50 percent beginning fiscal year 2007; all return-to-work retirees and those TERI participants who joined the system after 7-01-2005, contributing at the same rate as active employees; a reduction in the interest rate credited to accumulated employee contributions from 6 percent to 4 percent; and the addition of a guaranteed COLA equal to the change in CPI, but not to exceed 1 percent, for SCRS retirees beginning the July 1st following a full year of annuity payments.

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

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

Actuarial Section

Solvency Test (Dollar amounts expressed in thousands)

		Actuarial Accrued Liability			Portion of Aggregate Accrued Liabilities Covered by Assets			
	July 1	Active Member Contributions	Retirants & Beneficiaries	Active & Inactive Members (Employer Financed)	Valuation Assets	Active	Retirants	Employer Financed
GARS	2013	\$ 7,164	\$ 59,592	\$ 8,883	\$ 38,033	100%	51.8%	0.0%
	2012	7,267	58,213	8,851	39,233	100%	54.9%	0.0%
	2011	7,100	58,291	9,213	41,484	100%	59.0%	0.0%
	2010	7,265	53,486	7,920	43,712	100%	68.1%	0.0%
	2009	6,822	54,586	7,083	45,891	100%	71.6%	0.0%
	2008	7,265	53,240	8,617	47,189	100%	75.0%	0.0%
	2007	7,735	54,115	9,164	46,925	100%	72.4%	0.0%
	2006	8,094	51,870	9,770	46,075	100%	73.2%	0.0%
	2005	8,024	51,353	9,784	46,316	100%	74.6%	0.0%
	2004	8,485	48,126	11,721	45,087	100%	76.1%	0.0%
JSRS	2013	\$ 21,369	\$ 178,526	\$ 57,093	\$ 147,648	100%	70.7%	0.0%
	2012	20,005	77,483	54,241	145,604	100%	70.8%	0.0%
	2011	18,864	169,841	54,809	144,927	100%	74.2%	0.0%
	2010	17,816	150,696	47,311	142,871	100%	83.0%	0.0%
	2009	18,431	144,464	51,468	141,797	100%	85.4%	0.0%
	2008	17,367	141,510	54,529	138,323	100%	85.5%	0.0%
	2007	18,999	149,435	60,954	132,990	100%	76.3%	0.0%
	2006	21,857	112,823	76,704	124,837	100%	91.3%	0.0%
	2005	20,005	110,876	73,966	118,888	100%	89.2%	0.0%
	2004	17,640	106,159	61,253	112,016	100%	88.9%	0.0%

Note: Effective 7-1-2005, actuarial assumptions were changed to include updated normal retirement rates based on analysis of historical normal retirement experience.

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

Actuarial Section

Solvency Test (Dollar amounts expressed in thousands)

Actuarial Accrued Liability						Portion of Aggregate Accrued Liabilities Covered by Assets		
July 1	Active Member Contributions	Retirants and Beneficiaries	Active & Inactive Members (Employer Financed)	Valuation Assets		Active	Retirants	Employer Financed
SCNG	2013	\$ 0	\$ 33,590	\$ 27,986	\$ 22,208	N/A	66.1%	0.0%
	2012	0	32,989	27,953	20,814	N/A	63.1%	0.0%
	2011	0	32,038	28,350	20,138	N/A	62.9%	0.0%
	2010	0	28,492	25,661	19,458	N/A	68.3%	0.0%
	2009	0	27,558	25,863	18,600	N/A	67.5%	0.0%
	2008	0	25,554	27,980	17,426	N/A	68.2%	0.0%
	2007	0	24,627	31,290	15,937	N/A	64.7%	0.0%
	2006	0	22,366	26,389	14,046	N/A	62.8%	0.0%
	2005	0	20,804	26,181	12,151	N/A	58.4%	0.0%
	2004	0	19,704	27,577	13,567	N/A	68.9%	0.0%

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

Actuarial Section

Summary of Basic Provisions As of June 30, 2014

SCRS	PORS	GARS	JSRS	SCNG
1. Membership				
All permanent, full-time and part-time employees of covered employers must join unless specifically exempted by statute or are eligible and elect to participate in the State ORP. Individuals first elected to serve in the General Assembly in the general election in November 2012 or after must elect membership in either SCRS or State ORP or elect to be a nonmember.	To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner or deputy coroner in a full-time permanent position; or be a peace officer employed by the SC Department of Corrections, the SC Department of Juvenile Justice, or the SC Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.	Generally all persons are required to participate upon taking office as a member of the General Assembly unless exempted by Statute. Closed to new members. Individuals first elected to serve in the General Assembly in the general election in November 2012 or after must elect membership in either SCRS or State ORP or elect to be a nonmember.	All solicitors, circuit public defenders, judges of a Circuit or Family Court, and justices of the Court of Appeals and Supreme Court are required to participate upon taking office unless exempted by statute. Effective July 1, 2014, the definition of judge is expanded to include administrative law judges. Administrative law judges who have not retired are allowed to become members.	Individuals serving in the South Carolina National Guard.
2. Employee Contributions				
Class II 7.5% of earnable compensation	Class I \$21 per month	11% of earnable compensation	10% of earnable compensation	Not applicable as this is a non-contributory plan
Class III 7.5% of earnable compensation	Class II 7.84% of earnable compensation			
Effective January 1, 2013, earnable compensation does not include pay for non-mandatory overtime.	Class III 7.84% of earnable compensation			
3. Employer Contributions				
Class II & III 10.45% of earnable compensation	Class I 7.8% of earnable compensation	Annual lump-sum appropriation	47.33% of earnable compensation	Annual lump-sum appropriation
	Class II & III 12.44% of earnable compensation			
Death Benefit Program 0.15% of earnable compensation	Death Benefit Program 0.2% of earnable compensation	Death Benefit Program Included within annual lump-sum appropriation	Death Benefit Program 0.45% of earnable compensation	Death Benefit Program Not applicable
Accidental Death Program Not applicable	Accidental Death Program 0.2% of earnable compensation	Accidental Death Program Not applicable	Accidental Death Program Not applicable	Accidental Death Program Not applicable

Actuarial Section

SCRS	PORS	GARS	JSRS	SCNG
4. Requirements for Service Annuity				
Class II 5 years earned service The member is entitled to a deferred reduced annuity at age 60.	Class II 5 years earned service The member is entitled to a deferred annuity at age 55.	8 years service The member is entitled to a deferred annuity at age 60.	Members are vested in the system with 10 years earned service in position of judge; 8 years earned service in position of solicitor or circuit public defender. For vested members who joined prior to 7/1/2004, member is eligible for a deferred annuity at age 55. For members who joined after 6/30/2004, member is eligible for a deferred annuity at age 65.	20 years total creditable military service, at least 15 of which must have been served in the South Carolina National Guard. Additionally, the last 10 years of service must have been served in the South Carolina National Guard.
Class III 8 years earned service The member is entitled to a deferred reduced annuity at age 60.	Class III 8 years earned service			
5. Normal Retirement Age				
Not applicable	Not applicable	Not applicable	Age 60	Not applicable
6. Requirements for Full Service Retirement				
Class II Age 65 or 28 years of credited service The member must have a minimum of five years of earned service to qualify for retirement.	Class II Age 55 with 5 years of service or 25 years of credited service The member must have a minimum of five years of earned service to qualify for retirement.	Age 60 or 30 years of service Age 70 or 30 years of service while continuing to serve in the General Assembly	Age 70 with 15 years of service Age 65 with 20 years of service 25 years of service as judge regardless of age 24 years of service as solicitor or circuit public defender regardless of age Age 65 with 4 years earned service as judge or solicitor and at least 25 years other service with the state if a member as of 6/30/2004.	Age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of that 20 years of service, 15 years, and the final 10 years, must have been served in the South Carolina National Guard.
Class III Age 65 or meet the rule of 90 requirement. This means that the member's age plus the years of service must add up to a total of at least 90. The member must have a minimum of 8 years of earned service to qualify for retirement.	Class III Age 55 or 27 years of credited service The member must have a minimum of 8 years of earned service to qualify for retirement.			
7. Early Retirement				
Class II Age 60 with 5% reduction for each year of age under age 65 Age 55 with 25 years service, reduced 4% for each year of service under 28 The member must have a minimum of five years of earned service to qualify for early retirement.	Not applicable.	Age 60 with 8 years of service credit	Members are vested in the system with 10 years earned service in position of judge; 8 years earned service in position of solicitor or circuit public defender. For vested members who joined prior to 7/1/2004, member is eligible for a deferred annuity at age 55. For members who joined after 6/30/2004, member is eligible for a deferred annuity at age 65.	Not applicable
Class III Age 60 with 5% reduction for each year under age 65				

SCNG

For 20 years of service, retirees receive a \$50 monthly benefit. For each year of service beyond the 20 years, up to 30 years of service, the retiree receives an additional \$5. The maximum monthly benefit a retiree can receive is \$100.

2.14% of Average Final Compensation times years of credited service. AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included.

Permanent incapacity to perform regular duties of the member's job
5 years of earned service, unless injury is job related.

Permanent incapacity to perform the regular duties of the member's job
8 years of earned service, unless injury is job related

For applications received after 12/31/2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

The disability retirement benefit based on a projection of service credit to age 65 with an actuarial reduction. Minimum benefit of 15% of AFC at any age.

For applications received
after 12/31/2013,

Class II
Permanent incapacity to perform regular duties of the member's job

5 years of earned service, unless injury is job related.

Permanent incapacity to perform regular duties of the member's job
8 years of earned service, unless injury is job related

5 years of credited service.
Must be disabled based on
job specific standard.

5 years of credited service.
Must be disabled based on
job specific standard.

Not applicable

The disability retirement benefit is based on the greater of the following options:

- a. Service benefit based upon actual credited service or
- b. 50% of service benefit based on projection of service to earlier of age 60 or 35 years service.

The disability retirement benefit is based on the service retirement formula.

Not applicable

Continued on Next Page

Actuarial Section

SCRS

PORS

GARS

JSRS

SCNG

Formula for Disability Retirement (continued)

the calculation of disability retirement benefits changed to eliminate the projection of service credit used in the benefit calculation.

projection of service credit used in the benefit calculation to the service necessary to reach age 55 or 25 years of service credit, whichever is less.

11. Benefit Options

Option A

(Maximum/Retiree Only)

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

Option B

(100% - 100% Joint Retiree/Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary. This option is subject to non-spousal beneficiary limitations based on state statute and an Internal Revenue Code formula.

Option C

(100% - 50% Joint Retiree/Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.

Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.

Option A

(Maximum/Retiree Only)

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

Option B

(100% - 100% Joint Retiree/Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary. This option is subject to non-spousal beneficiary limitations based on state statute and an Internal Revenue Code formula.

Option C

(100% - 50% Joint Retiree/Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.

Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.

Maximum Benefit (Retiree Only)

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

Option 1

Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death continues to retiree's beneficiary. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.

Option 2

Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.

Revert to Maximum (1A or 2A)

This feature will allow benefits to be changed to the Maximum Benefit if the retiree selects Option 1 or Option 2 and all of the retiree's beneficiaries predecease the retiree.

Maximum Benefit (Retiree/One-Third Spouse)

Formula as calculated in item 8. Continued annuity of one-third of member's benefit to a spouse beneficiary upon death of retiree or return of contributions to a designated non-spouse beneficiary.

Optional Allowance

Provides a reduced (from the Maximum Benefit) lifetime annuity that upon the retiree's death will continue at one-third of the retiree's annuity to a non-spouse beneficiary (or in equal shares to multiple beneficiaries).

Formula benefit as calculated in item 8.

12. Deferred Retirement Option Programs

Class II

TERI is a deferred retirement option program (DROP). Upon meeting normal retirement eligibility, a member can elect to retire and continue working under the TERI program for a maximum of five years, after which employment will cease. During the TERI participation, the retirement annuity is not paid to the TERI retirees, but monthly benefits are accumulated in TERI accounts and are distributed to the members upon termination of employment.

Not applicable

Not applicable

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

Not applicable

Continued on Next Page

Continued on Next Page

SCRS

PORS

GARS

JSRS

SCNG

Deferred Retirement Option Programs (continued)

For members retiring after June 30, 2005, a payment for annual leave is not included in calculating benefits. Upon termination, however, benefits are increased prospectively to include payment for up to 45 days annual leave paid at termination of employment. No interest is credited to the TERI account. TERI participants who entered the program after June 30, 2005, must continue to contribute at the same rate as active members. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018. New enrollees in the TERI program after June 30, 2012, must end their participation within 5 years after their retirement date or June 30, 2018, whichever is earlier.

Class III

TERI program is not available

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

13. Return to Work Provisions

There is no earning limitation for members who retired prior to 1/1/2013. For members retiring after 1/1/2013, in order to return to work for a covered employer after retirement, the member must first have a complete, bona fide severance or termination of employment. After 30 days of retirement, he may be hired by an employer covered by one of the retirement systems administered by PEBA Retirement Benefits. If the member is under age 62 at retirement and returns to covered employment, he will be subject to a \$10,000 per year earnings limitation. A member can earn up to \$10,000 per year and continue to receive his monthly annuity. If wages earned exceed \$10,000 in a calendar year, the monthly annuity will be suspended for the remainder of that year. The \$10,000 earnings limitation does not

Continued on Next Page

There is no earning limitation for members who retired prior to 1/1/2013. For members retiring after 1/1/2013, in order to return to work for a covered employer after retirement, the member must first have a complete, bona fide severance or termination of employment. After 30 days of retirement, he may be hired by an employer covered by one of the retirement systems administered by PEBA Retirement Benefits. If the member is under age 57 at retirement and returns to covered employment, he will be subject to a \$10,000 per year earnings limitation. A member can earn up to \$10,000 per year and continue to receive his monthly annuity. If wages earned exceed \$10,000 in a calendar year, the monthly annuity will be suspended for the remainder of that year. The \$10,000 earnings

Continued on Next Page

An active GARS member who has reached age 70 or has 30 years of service credit may retire and begin receiving a GARS retirement annuity while continuing to serve in office. The retired GARS member will receive a retirement annuity in lieu of a per diem salary and additional line item pay for certain positions. Generally, a retired member of GARS may return to work after retirement with no limit on the dollar amount that may be earned as compensation; however, certain conditions and restrictions may apply to employers covered by SCRS, PORS, GARS and JSRS.

A member who is age 60 and eligible to receive the maximum monthly benefit, may retire and receive a retirement benefit while continuing to serve as a judge, solicitor, or circuit public defender until the end of the calendar year in which the member reaches age 72. Employee and employer contributions must continue to be paid as if the retiree was an active contributing member, but no additional service credit accrues and no additional interest is credited to their retirement account. Prior to July 1, 2014, a retired judge may continue to receive a retirement benefit while employed by a public institution of education, provided the judge does not contribute to or receive service credit in SCRS. This exemption was repealed effective July 1, 2014. Effective July 1, 2014, a retired member who has been retired for

Not applicable

Actuarial Section

SCRS

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Return to Work Provisions (continued)

apply to a retired member who receives compensation for service as an elected official, service as an appointee of the Governor with confirmation by the Senate, or service by appointment or election by the General Assembly. A retired member may return to covered employment without affecting his monthly annuity if he is a certified teacher and is employed by a school district to teach in the classroom in his area of certification. The \$10,000 earnings limitation does not apply if the State Department of Education determines that no qualified, non-retired member is available for employment in the position, and 1) that a certified teacher is teaching in a critical academic need area or a geographic need area as defined by the State Board of Education, or 2) that a retired certified school teacher or certified employee is employed in a school or school district that has received a "below average" or "unsatisfactory" academic performance rating pursuant to the Education Accountability Act. After approval is received from the Department of Education, school districts must notify PEBA Retirement Benefits of the member's exemption from the earnings limitation.

limitation does not apply to a retired member who receives compensation for service as an elected official, service as an appointee of the Governor with confirmation by the Senate, or service by appointment or election by the General Assembly.

30 days may be rehired by an SCRS or PORS employer and earn up to \$10,000 per year. The earnings limit does not apply to members who retired prior to July 1, 2014, were at least 62 at retirement or are serving as appointed or elected official. Employee and employer contributions must continue to be paid as if the member were active in SCRS or PORS; however, the member cannot be an active member and does not accrue service credit.

14. Post Retirement Increase

Eligible annuitant payees receive an annual benefit adjustment equal to the lesser of 1% or \$500.

Eligible annuitant payees receive an annual benefit adjustment equal to the lesser of 1% or \$500.

Retired member receives benefit based on current salary for member's position.

Retired member receives benefit based on current salary for member's position.

Post retirement increases are not provided.

15. Accidental Death Program

Not applicable

Provides 50% of earnable compensation at time of accidental death in the line of duty as an annuity to either the surviving spouse, children, or parents. The annuity to surviving children ends upon each child's 18th birthday.

Not applicable

Not applicable

Not applicable

Actuarial Section

SCRS

PORS

GARS

JSRS

SCNG

16. Death Benefit Program

Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active or working retired contributing member with at least one year of service.
No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.

Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon years of service at retirement. TERI participants and working retired contributing members are eligible for an increased death benefit payment equal to their annual salary in lieu of the standard retired member benefit.

Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member or working retired contributing member with at least one year of service.
No service requirements for death resulting from an injury arising out of the actual performance of duties for an active member.

Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon years of service at retirement. Retired contributing members are eligible for an increased death benefit payment equal to their annual salary in lieu of the standard retired member benefit.

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 an injury arising out of the actual performance of duties for an active member.

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 an injury arising out of the actual performance of duties for an active member.

Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.

Not applicable

17. Withdrawal of Employee Contributions

Accumulated contributions, plus interest, payable upon request 90 days after termination of all covered employment.

Effective July 1, 2012, no interest is accrued on inactive accounts

Accumulated contributions, plus interest, payable upon request 90 days after termination of all covered employment.

Effective July 1, 2012, no interest is accrued on inactive accounts

Accumulated contributions, plus interest, paid as promptly as feasible upon request after termination of all covered employment.

Effective July 1, 2012, no interest is accrued on inactive accounts

Accumulated contributions, plus interest, paid as promptly as feasible upon request after termination of all covered employment.

Effective July 1, 2012, no interest is accrued on inactive accounts

Not applicable as this is a non-contributory plan

18. Actuarial Cost Method

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

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Actuarial Section

SCRS

PORS

GARS

JSRS

SCNG

Actuarial Cost Method (continued)

among various generations of taxpayers.

among various generations of taxpayers.

among various generations of taxpayers.

among various generations of taxpayers.

among various generations of taxpayers.

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

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19. Funding Policy

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

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

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

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

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This page contains no other content.



Statistical Section



Communicating through Traditional Means



While not as popular as other current methods of communication, printed forms, letters and faxed documents still serve a useful purpose in today's business world. Letters are generally addressed to a specific individual and may contain personal information unique to that individual. In this way, paper documents are a more traditional way of communicating than online outlets.

PEBA uses letters to communicate and document private and sometimes sensitive matters with our stakeholders. Some of the different types of correspondence that PEBA sends include sympathy letters upon the death of a member, estimated and finalized retirement benefit letters, refund confirmation letters, and invoices for service purchases.

PEBA's goal is to maximize electronic capabilities and minimize paper documents through our online self-service secure websites for both employers and members. However, we do recognize the continued need and desire for paper communication among some of our stakeholder groups.

Statistical Section

Statistical Section Summary

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

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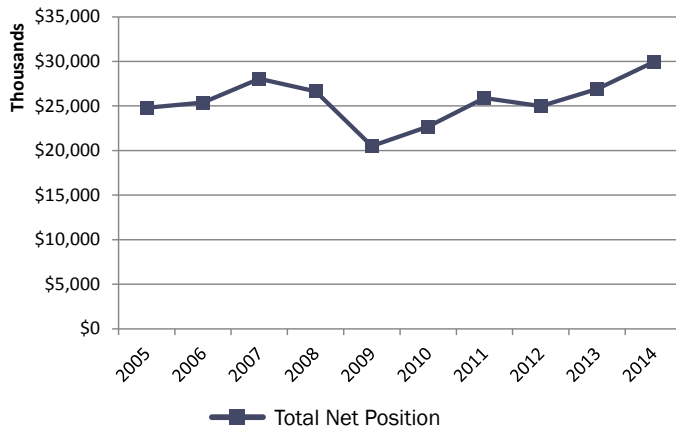
Statistical Section

Financial Trends Information

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

Trend of Total Fiduciary Net Position Values

A trend of the total fiduciary net position over the past 10 years reflects an overall increase; however, negative investment returns realized during fiscal year 2008 and 2009 caused a significant decline in the net position of the portfolio. The decrease in the value of the fiduciary net position during fiscal year 2012 resulted from negative cash flows in that while investment performance was relatively flat and contributions remained steady, the plan experienced an increase in benefit payments. The increase in fiduciary net position of \$3.0 billion during fiscal year 2014 was attributable to both positive investment performance and increased contribution levels.



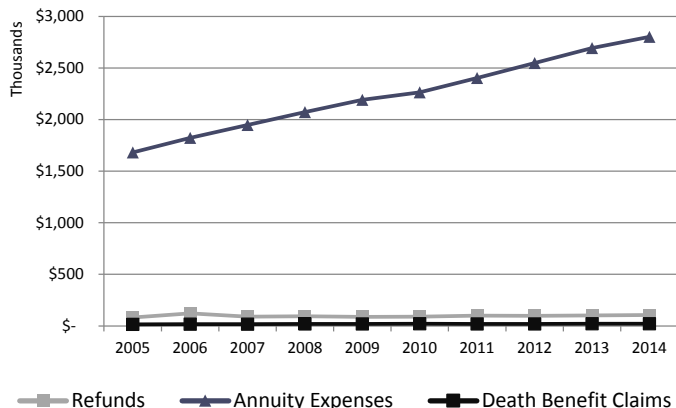
Trend of Total Pension Trust Funds Additions by Source

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



Trend of Total Pension Trust Funds Deductions by Type

The combined impact of more retired members and benefit adjustments granted to annuitant payees has resulted in a rise in the number of annuitant payees and benefit adjustments that were granted to retirees. Refund expenses spiked during fiscal year 2006 as a result of a negative ruling on litigation in which contributions were required to be refunded to retired participants in the Teacher and Employee Retention Incentive (TERI) program. In addition, slight growth in death benefit claims has occurred over the past couple of years because beneficiaries of working retirees are now eligible for an increased level of benefits.



Statistical Section

South Carolina Retirement Systems 10 Year Summary of Fiduciary Net Position As of June 30, (Amounts expressed in thousands)

	2014	2013 ¹	2012 ²	2011	2010
Assets					
Cash and cash equivalents, receivables, and prepaid expenses	\$ 4,063,173	\$ 4,023,274	\$ 3,416,972	\$ 3,977,880	\$ 5,298,443
Total investments, at fair value	26,754,819	24,587,950	23,157,144	23,870,891	18,829,568
Securities lending cash collateral invested	72,645	106,633	184,025	229,161	324,593
Property, net of accumulated depreciation	2,912	3,083	2,984	3,103	3,221
Total Assets	30,893,549	28,720,940	26,761,125	28,081,035	24,455,825
Liabilities					
Deferred retirement benefits	56,901	68,344	386,302	364,005	323,093
Obligations under securities lending	72,645	106,633	184,025	229,161	324,593
Other liabilities	836,292	1,645,150	1,211,693	1,596,020	1,116,479
Total Liabilities	965,838	1,820,127	1,782,020	2,189,186	1,764,165
Total Fiduciary Net Position Restricted for Pensions	\$ 29,927,711	\$ 26,900,813	\$ 24,979,105	\$ 25,891,849	\$ 22,691,660

	2009	2008	2007	2006	2005
Assets					
Cash and cash equivalents, receivables, and prepaid expenses	\$ 3,403,752	\$ 2,835,196	\$ 6,855,459	\$ 2,078,394	\$ 3,137,913
Total investments, at fair value	17,915,982	24,697,700	22,188,448	24,114,946	22,652,248
Securities lending cash collateral invested	1,845,862	3,796,183	5,085,506	4,372,175	4,110,377
Property, net of accumulated depreciation	3,340	3,459	3,577	3,696	3,814
Total Assets	23,168,936	31,332,538	34,132,990	30,569,211	29,904,352
Liabilities					
Deferred retirement benefits	431,503	552,260	641,750	670,527	884,776
Obligations under securities lending	1,845,862	3,796,183	5,085,506	4,372,175	4,110,377
Other liabilities	399,193	351,050	356,954	144,561	100,752
Total Liabilities	2,676,558	4,699,493	6,084,210	5,187,263	5,095,905
Total Fiduciary Net Position Restricted for Pensions	\$ 20,492,378	\$ 26,633,045	\$ 28,048,780	\$ 25,381,948	\$ 24,808,447

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

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

Statistical Section

South Carolina Retirement System 10 Year Schedule of Changes in Fiduciary Net Position Year Ended June 30, (Amounts expressed in thousands)

	2014	2013 ¹	2012	2011	2010
Additions					
Employee contributions	\$ 652,631	\$ 674,783	\$ 586,818	\$ 562,170	\$ 561,261
Employer contributions	962,798	948,157	824,652	808,343	818,523
Investment income (loss)	3,517,324	2,195,648	109,307	3,598,069	2,612,663
Other income	587	657	733	884	957
Total Additions	<u>5,133,340</u>	<u>3,819,245</u>	<u>1,521,510</u>	<u>4,969,466</u>	<u>3,993,404</u>
Deductions					
Annuities	2,462,146	2,368,510	2,256,519	2,134,031	2,014,418
Refunds	90,250	87,212	83,134	84,591	75,814
Death Benefit Claims	19,240	19,133	18,295	16,485	19,921
Administrative & other expenses	14,235	16,629	21,683	20,467	19,593
Total Deductions	<u>2,585,871</u>	<u>2,491,484</u>	<u>2,379,631</u>	<u>2,255,574</u>	<u>2,129,746</u>
Increase (Decrease) in Fiduciary Net Position	<u>2,547,469</u>	<u>1,327,761</u>	<u>(858,121)</u>	<u>2,713,892</u>	<u>1,863,658</u>
Beginning Fiduciary Net Position	<u>23,191,052</u>	<u>21,863,291</u>	<u>22,395,029</u>	<u>19,681,137</u>	<u>17,817,479</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 25,738,521</u>	<u>\$ 23,191,052</u>	<u>\$ 21,536,908</u>	<u>\$ 22,395,029</u>	<u>\$ 19,681,137</u>
	2009	2008	2007	2006	2005
Additions					
Employee contributions	\$ 564,872	\$ 540,872	\$ 505,122	\$ 498,458	\$ 433,254
Employer contributions	827,502	774,269	644,350	577,468	538,809
Investment income (loss)	(4,754,668)	(641,196)	2,999,209	1,134,639	1,496,887
Other income	1,233	1,321	1,532	1,741	1,982
Total Additions	<u>(3,361,061)</u>	<u>675,266</u>	<u>4,150,213</u>	<u>2,212,306</u>	<u>2,470,932</u>
Deductions					
Annuities	1,956,446	1,853,892	1,747,192	1,639,238	1,514,219
Refunds	73,882	79,027	77,212	108,569	67,434
Death Benefit Claims	17,908	17,617	15,948	14,875	13,710
Administrative & other expenses	20,371	20,752	18,254	18,545	16,485
Total Deductions	<u>2,068,607</u>	<u>1,971,288</u>	<u>1,858,606</u>	<u>1,781,227</u>	<u>1,611,848</u>
Increase (Decrease) in Fiduciary Net Position	<u>(5,429,668)</u>	<u>(1,296,022)</u>	<u>2,291,607</u>	<u>431,079</u>	<u>859,084</u>
Beginning Fiduciary Net Position	<u>23,247,147</u>	<u>24,543,169</u>	<u>22,251,562</u>	<u>21,820,483</u>	<u>20,961,399</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$17,817,479</u>	<u>\$ 23,247,147</u>	<u>\$ 24,543,169</u>	<u>\$ 22,251,562</u>	<u>\$ 21,820,483</u>

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

Statistical Section

Police Officers Retirement System 10 Year Schedule of Changes in Fiduciary Net Position Year Ended June 30, (Amounts expressed in thousands)

	2014	2013 ¹	2012	2011	2010
Additions					
Employee contributions	\$ 96,004	\$ 97,164	\$ 84,470	\$ 79,334	\$ 77,051
Employer contributions	155,608	143,389	134,299	129,314	123,163
Investment income (loss)	538,386	329,467	17,198	519,531	362,566
Other income	2,286	3,043	1,957	1,944	1,308
Total Additions	<u>792,284</u>	<u>573,063</u>	<u>237,924</u>	<u>730,123</u>	<u>564,088</u>
Deductions					
Annuities	313,216	297,631	265,582	244,443	224,977
Refunds	16,184	14,983	15,162	14,902	13,673
Death Benefit Claims	2,410	1,985	1,851	1,984	2,019
Administrative & other expenses	1,820	2,006	2,872	2,735	2,577
Total Deductions	<u>333,630</u>	<u>316,605</u>	<u>285,467</u>	<u>264,064</u>	<u>243,246</u>
Increase (Decrease) in Fiduciary Net Position	<u>458,654</u>	<u>256,458</u>	<u>(47,543)</u>	<u>466,059</u>	<u>320,842</u>
Beginning Fiduciary Net Position	<u>3,526,448</u>	<u>3,269,990</u>	<u>3,317,533</u>	<u>2,851,474</u>	<u>2,530,632</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 3,985,102</u>	<u>\$ 3,526,448</u>	<u>\$ 3,269,990</u>	<u>\$ 3,317,533</u>	<u>\$ 2,851,474</u>
	2009	2008	2007	2006	2005
Additions					
Employee contributions	\$ 77,014	\$ 76,907	\$ 71,676	\$ 69,254	\$ 60,110
Employer contributions	124,148	114,862	107,332	101,447	91,291
Investment income (loss)	(638,389)	(85,415)	374,623	139,785	175,849
Other income	1,671	52	55	60	64
Total Additions	<u>(435,556)</u>	<u>106,406</u>	<u>553,686</u>	<u>310,546</u>	<u>327,314</u>
Deductions					
Annuities	211,873	195,989	181,388	167,077	152,588
Refunds	13,753	13,754	12,543	13,248	13,441
Death Benefit Claims	1,720	2,068	1,919	1,821	1,468
Administrative & other expenses	2,537	2,505	2,179	1,968	1,823
Total Deductions	<u>229,883</u>	<u>214,316</u>	<u>198,029</u>	<u>184,114</u>	<u>169,320</u>
Increase (Decrease) in Fiduciary Net Position	<u>(665,439)</u>	<u>(107,910)</u>	<u>355,657</u>	<u>126,432</u>	<u>157,994</u>
Beginning Fiduciary Net Position	<u>3,196,071</u>	<u>3,303,981</u>	<u>2,948,324</u>	<u>2,821,892</u>	<u>2,663,898</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 2,530,632</u>	<u>\$ 3,196,071</u>	<u>\$ 3,303,981</u>	<u>\$ 2,948,324</u>	<u>\$ 2,821,892</u>

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

Statistical Section

Judges and Solicitors Retirement System 10 Year Schedule of Changes in Fiduciary Net Position Year Ended June 30, (Amounts expressed in thousands)

	2014	2013 ¹	2012	2011	2010
Additions					
Employee contributions	\$ 2,448	\$ 2,596	\$ 2,299	\$ 2,209	\$ 2,343
Employer contributions	9,659	8,667	8,414	8,414	8,414
Investment income (loss)	19,962	12,605	783	20,092	14,646
Other income	195	184	261	193	114
Total Additions	<u>32,264</u>	<u>24,052</u>	<u>11,757</u>	<u>30,908</u>	<u>25,517</u>
Deductions					
Annuities	16,675	15,745	15,171	14,750	14,168
Refunds		57	134		
Death Benefit Claims	10	134	134	128	11
Administrative & other expenses	68	76	111	104	101
Total Deductions	<u>16,753</u>	<u>16,012</u>	<u>15,550</u>	<u>14,982</u>	<u>14,280</u>
Increase (Decrease) in Fiduciary Net Position	<u>15,511</u>	<u>8,040</u>	<u>(3,793)</u>	<u>15,926</u>	<u>11,237</u>
Beginning Fiduciary Net Position	<u>131,985</u>	<u>123,945</u>	<u>127,152</u>	<u>111,226</u>	<u>99,989</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 147,496</u>	<u>\$ 131,985</u>	<u>\$ 123,359</u>	<u>\$ 127,152</u>	<u>\$ 111,226</u>
	2009	2008	2007	2006	2005
Additions					
Employee contributions	\$ 2,524	\$ 1,416	\$ 1,784	\$ 1,744	\$ 2,092
Employer contributions	8,414	7,613	6,706	6,511	6,260
Investment income (loss)	(26,741)	(3,371)	16,017	5,761	8,148
Other income	83				
Total Additions	<u>(15,720)</u>	<u>5,658</u>	<u>24,507</u>	<u>14,016</u>	<u>16,500</u>
Deductions					
Annuities	13,484	12,848	10,348	9,677	9,215
Refunds		211		20	
Death Benefit Claims	134	256	381	124	1
Administrative & other expenses	104	103	92	83	77
Total Deductions	<u>13,722</u>	<u>13,418</u>	<u>10,821</u>	<u>9,904</u>	<u>9,293</u>
Increase (Decrease) in Fiduciary Net Position	<u>(29,442)</u>	<u>(7,760)</u>	<u>13,686</u>	<u>4,112</u>	<u>7,207</u>
Beginning Fiduciary Net Position	<u>129,431</u>	<u>137,191</u>	<u>123,505</u>	<u>119,393</u>	<u>112,186</u>
Ending Fiduciary Net Position					
Restricted for Pensions	<u>\$ 99,989</u>	<u>\$ 129,431</u>	<u>\$ 137,191</u>	<u>\$ 123,505</u>	<u>\$ 119,393</u>

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

Statistical Section

South Carolina National Guard Supplemental Retirement Plan 10 Year Schedule of Changes in Fiduciary Net Position¹ Year Ended June 30, (Amounts expressed in thousands)

	2014	2013 ²	2012	2011	2010
Additions					
State-appropriated contributions	\$ 4,586	\$ 4,539	\$ 3,937	\$ 3,904	\$ 4,052
Investment income (loss)	2,806	1,671	94	2,533	1,865
Other income					
Total Additions	<u>7,392</u>	<u>6,210</u>	<u>4,031</u>	<u>6,437</u>	<u>5,917</u>
Deductions					
Annuities	4,248	4,193	4,065	4,011	3,624
Administrative & other expenses	10	10	15	13	13
Total Deductions	<u>4,258</u>	<u>4,203</u>	<u>4,080</u>	<u>4,024</u>	<u>3,637</u>
Increase (Decrease) in Fiduciary Net Position	<u>3,134</u>	<u>2,007</u>	<u>(49)</u>	<u>2,413</u>	<u>2,280</u>
Total Increase (Decrease) in Fiduciary Net Position	<u>3,134</u>	<u>2,007</u>	<u>(49)</u>	<u>2,413</u>	<u>2,280</u>
Beginning Fiduciary Net Position	<u>19,424</u>	<u>17,417</u>	<u>17,466</u>	<u>15,053</u>	<u>12,773</u>
Ending Fiduciary Net Position Restricted for Pensions	<u>\$ 22,558</u>	<u>\$ 19,424</u>	<u>\$ 17,417</u>	<u>\$ 17,466</u>	<u>\$ 15,053</u>
	2009	2008	2007	2006	
Additions					
State-appropriated contributions	\$ 4,052	\$ 3,948	\$ 3,948	\$ -	
Investment income (loss)	(4,020)	(348)	2,002	89	
Other income		50	50	300	
Total Additions	<u>32</u>	<u>3,650</u>	<u>6,000</u>	<u>389</u>	
Deductions					
Annuities	3,432	3,199	2,926	1,371	
Administrative & other expenses	15	156	59	204	
Total Deductions	<u>3,447</u>	<u>3,355</u>	<u>2,985</u>	<u>1,575</u>	
Increase (Decrease) in Fiduciary Net Position	<u>(3,415)</u>	<u>295</u>	<u>3,015</u>	<u>(1,186)</u>	
Transfer from State Adjutant General's Office				14,064	
Total Increase (Decrease) in Fiduciary Net Position	<u>(3,415)</u>	<u>295</u>	<u>3,015</u>	<u>12,878</u>	
Beginning Fiduciary Net Position	<u>16,188</u>	<u>15,893</u>	<u>12,878</u>		
Ending Fiduciary Net Position Restricted for Pensions	<u>\$ 12,773</u>	<u>\$ 16,188</u>	<u>\$ 15,893</u>	<u>\$ 12,878</u>	

¹The South Carolina Retirement Systems did not assume administrative responsibilities for the South Carolina National Guard Supplemental Retirement Plan until January 1, 2006; therefore, prior year data is not presented.

²As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

Statistical Section

Pension Trust Funds Additions by Source (Amounts expressed in thousands)

Year Ended June 30,	Employee Contributions ¹	Employer Contributions ¹	Investment Income (Loss) ²	Other	Total
South Carolina Retirement System (SCRS)					
2014	\$ 652,631	\$ 962,798	\$ 3,517,324	\$ 587	\$ 5,133,340
2013	674,783	948,157	2,195,648	657	3,819,245
2012	586,818	824,652	109,307	733	1,521,510
2011	562,222	808,343	3,598,069	832	4,969,466
2010	561,261	818,523	2,612,663	957	3,993,404
2009	564,953	827,502	(4,754,668)	1,152	(3,361,061)
2008	540,872	774,269	(641,196)	1,321	675,266
2007	505,122	644,350	2,999,209	1,532	4,150,213
2006	498,458	577,468	1,134,639	1,741	2,212,306
2005	433,254	538,809	1,496,887	1,982	2,470,932
Police Officers Retirement System (PORS)					
2014	\$ 97,418	\$ 156,454	\$ 538,386	\$ 26	\$ 792,284
2013	99,106	144,460	329,467	30	573,063
2012	85,701	134,991	17,198	34	237,924
2011	80,582	129,973	519,531	37	730,123
2010	77,844	123,636	362,566	42	564,088
2009	78,018	124,769	(638,389)	46	(435,556)
2008	76,907	114,862	(85,415)	52	106,406
2007	71,676	107,332	374,623	55	553,686
2006	69,254	101,447	139,785	60	310,546
2005	60,110	91,291	175,849	64	327,314
General Assembly Retirement System (GARS)					
2014	\$ 399	\$ 4,063	\$ 4,545	\$ -	\$ 9,007
2013	1,286	2,835	3,111		7,232
2012	724	2,532	172		3,428
2011	625	2,414	5,682		8,721
2010	580	2,598	4,642		7,820
2009	790	2,495	(9,409)		(6,124)
2008	733	2,440	(1,136)		2,037
2007	603	2,358	5,950		8,911
2006	584	2,171	2,086		4,841
2005	935	2,890	3,238		7,063
Judges and Solicitors Retirement System (JSRS)					
2014	\$ 2,632	\$ 9,670	\$ 19,962	\$ -	\$ 32,264
2013	2,780	8,667	12,605		24,052
2012	2,560	8,414	783		11,757
2011	2,402	8,414	20,092		30,908
2010	2,457	8,414	14,646		25,517
2009	2,607	8,414	(26,741)		(15,720)
2008	1,416	7,613	(3,371)		5,658
2007	1,784	6,706	16,017		24,507
2006	1,744	6,511	5,761		14,016
2005	2,092	6,260	8,148		16,500
South Carolina National Guard Supplemental Retirement Plan (SCNG)					
2014	\$ -	\$ 4,586	\$ 2,806	\$ -	\$ 7,392
2013		4,539	1,671		6,210
2012		3,937	94		4,031
2011		3,904	2,533		6,437
2010		4,052	1,865		5,917
2009		4,052	(4,020)		32
2008		3,948	(348)	50	3,650
2007		3,948	2,002	50	6,000
2006 ³			89	300	389

¹Includes transfers between systems.

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

³ The Systems administration of this plan began January 1, 2006. Contributions for the fiscal year were received by the previous administrator prior to this time.

Statistical Section

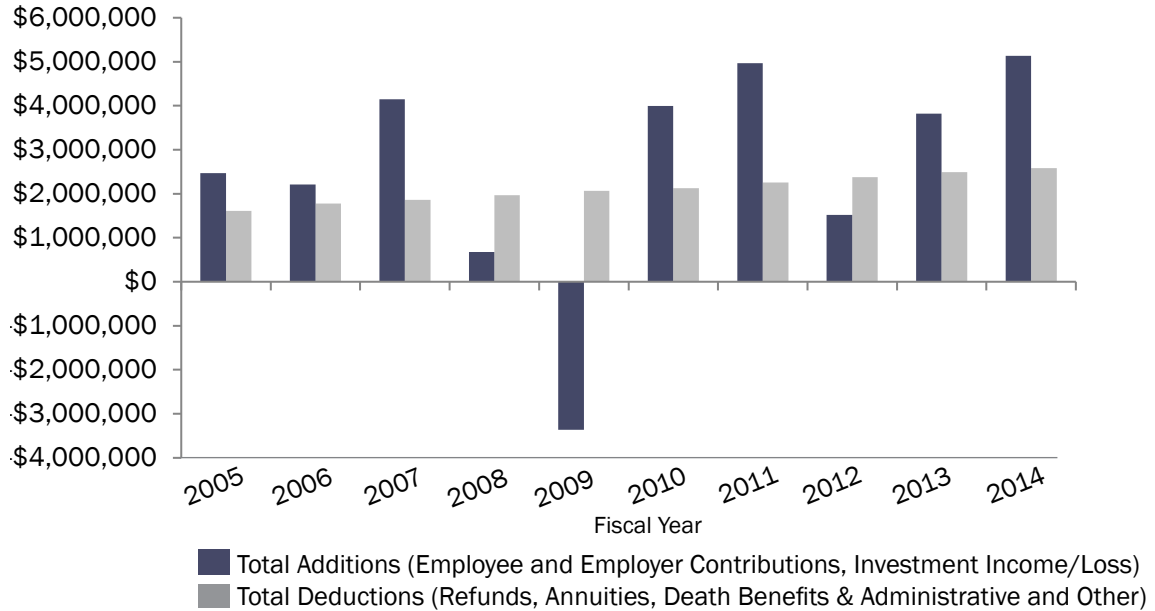
Pension Trust Funds Deductions by Type (Amounts expressed in thousands)

Year Ended June 30,	Refunds	Annuity Expenses	Death Benefit Claims	Administrative and Other Expenses ¹	Total
South Carolina Retirement System (SCRS)					
2014	\$ 90,250	\$ 2,462,146	\$ 19,240	\$ 14,235	\$ 2,585,871
2013	87,212	2,368,510	19,133	16,629	2,491,484
2012	83,134	2,256,519	18,295	21,683	2,379,631
2011	84,591	2,134,031	16,485	20,467	2,255,574
2010	75,814	2,014,418	19,921	19,593	2,129,746
2009	73,882	1,956,446	17,908	20,371	2,068,607
2008	79,027	1,853,892	17,617	20,752	1,971,288
2007	77,212	1,747,192	15,948	18,254	1,858,606
2006	108,569	1,639,238	14,875	18,545	1,781,227
2005	67,434	1,514,219	13,710	16,485	1,611,848
Police Officers Retirement System (PORS)					
2014	\$ 16,184	\$ 313,216	\$ 2,410	\$ 1,820	\$ 333,630
2013	14,983	297,631	1,985	2,006	316,605
2012	15,162	265,582	1,851	2,872	285,467
2011	14,902	244,443	1,984	2,735	264,064
2010	13,673	224,977	2,019	2,577	243,246
2009	13,753	211,873	1,720	2,537	229,883
2008	13,754	195,989	2,068	2,505	214,316
2007	12,543	181,388	1,919	2,179	198,029
2006	13,248	167,077	1,821	1,968	184,114
2005	13,441	152,588	1,468	1,823	169,320
General Assembly Retirement System (GARS)					
2014	\$ 41	\$ 6,799	\$ 20	\$ 17	\$ 6,877
2013	3	6,720	16	20	6,759
2012	31	6,570	35	30	6,666
2011	57	6,528	58	179	6,822
2010	4	6,512	6	33	6,555
2009	33	6,416	14	116	6,579
2008	102	6,181	28	64	6,375
2007	70	5,935	5	34	6,044
2006		5,726	17	98	5,841
2005	31	5,560	16	33	5,640
Judges and Solicitors Retirement System (JSRS)					
2014	\$ -	\$ 16,675	\$ 10	\$ 68	\$ 16,753
2013	57	15,745	134	76	16,012
2012	134	15,171	134	111	15,550
2011		14,750	128	104	14,982
2010		14,168	11	101	14,280
2009		13,484	134	104	13,722
2008	211	12,848	256	103	13,418
2007		10,348	381	92	10,821
2006	20	9,677	124	83	9,904
2005		9,215	1	77	9,293
South Carolina National Guard Supplemental Retirement Plan (SCNG)					
2014	\$ -	\$ 4,248	\$ -	\$ 10	\$ 4,258
2013		4,193		10	4,203
2012		4,065		15	4,080
2011		4,011		13	4,024
2010		3,624		13	3,637
2009		3,432		15	3,447
2008		3,199		156	3,355
2007		2,926		59	2,985
2006		1,371		204	1,575

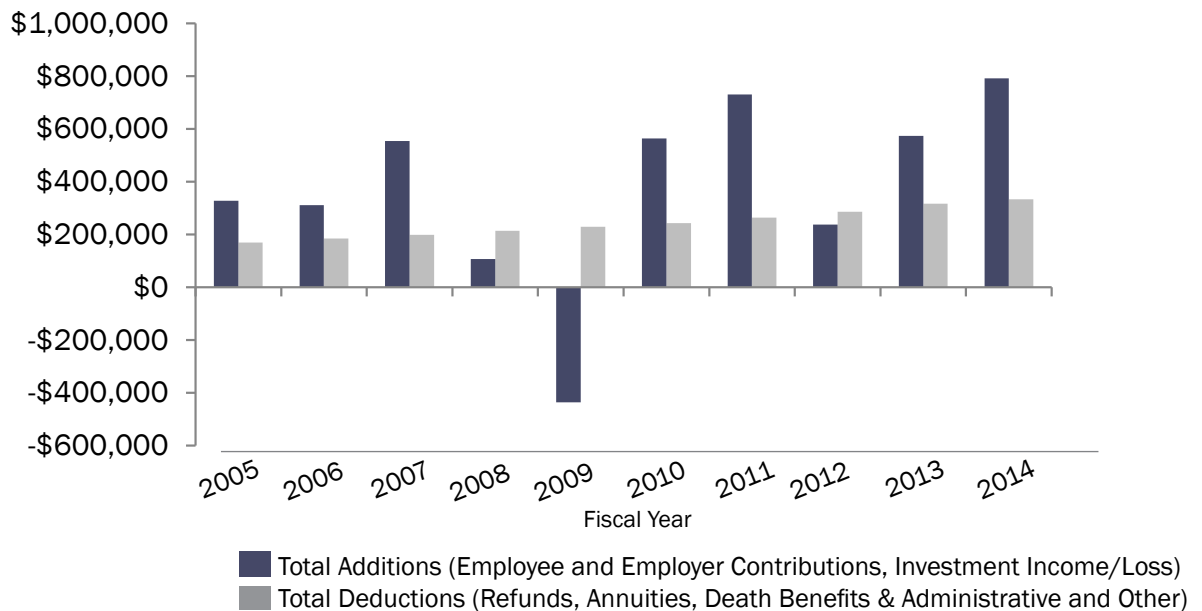
¹As a result of the implementation of GASB 67, RSIC administrative expenses previously classified as administrative expenses have been reclassified as investment expenses for fiscal year 2013 to conform to the presentation for fiscal year 2014.

Statistical Section

South Carolina Retirement System Pension Trust Funds Additions and Deductions (Amounts expressed in thousands)

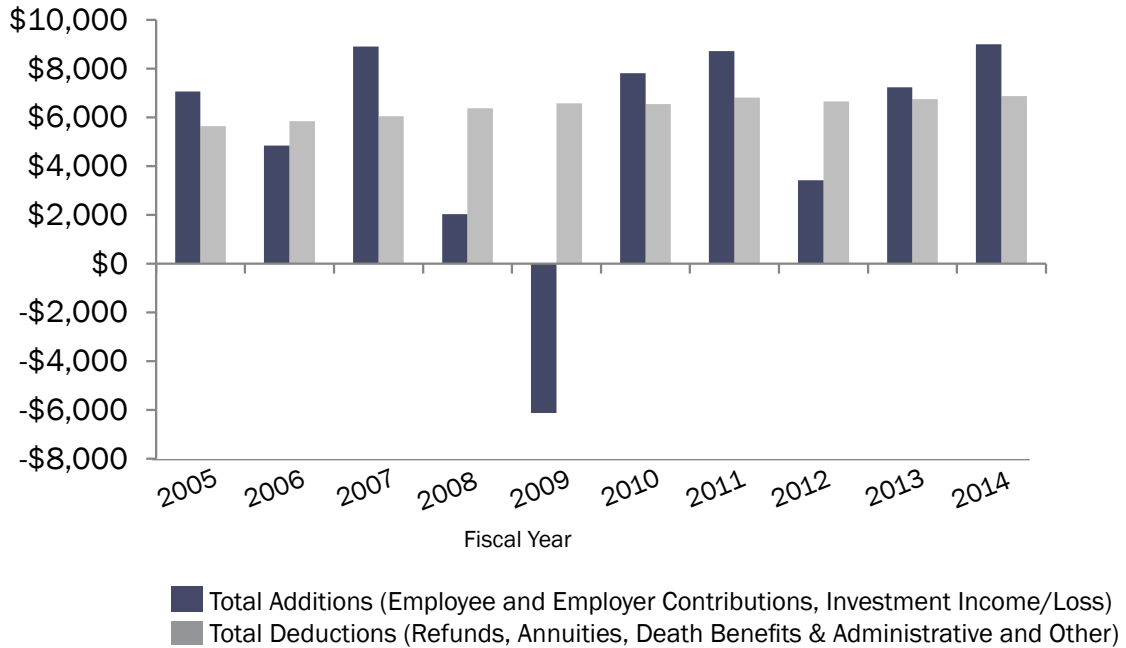


Police Officers Retirement System Pension Trust Funds Additions and Deductions (Amounts expressed in thousands)

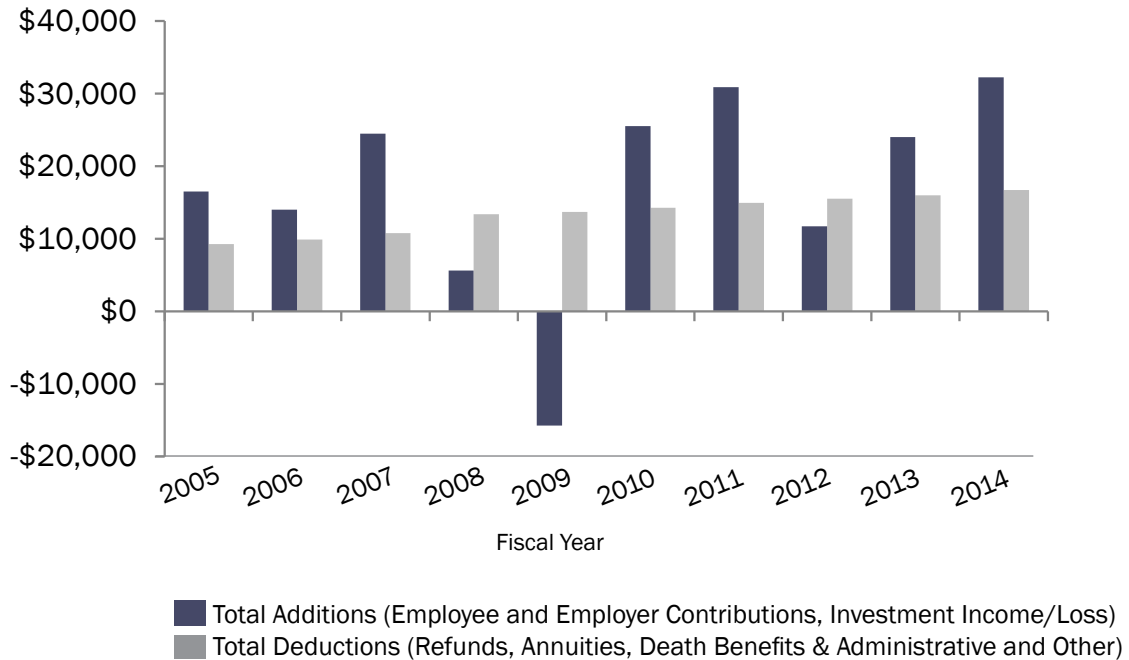


Statistical Section

General Assembly Retirement System Pension Trust Funds Additions and Deductions (Amounts expressed in thousands)

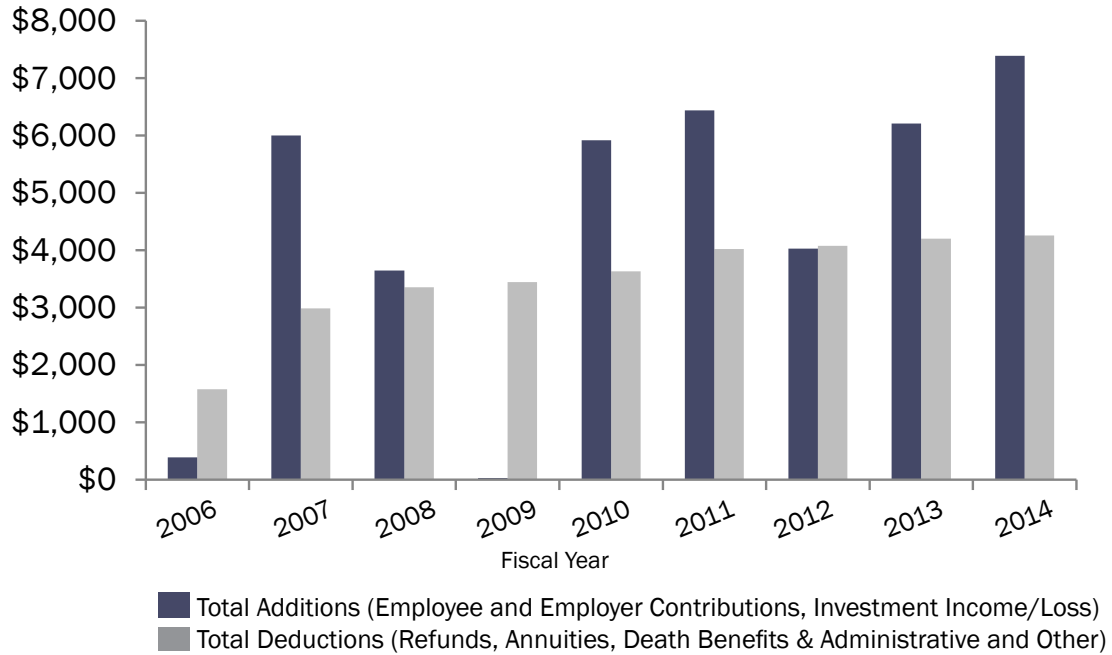


Judges and Solicitors Retirement System Pension Trust Funds Additions and Deductions (Amounts expressed in thousands)



Statistical Section

South Carolina National Guard Supplemental Retirement Plan Pension Trust Funds Additions and Deductions (Amounts expressed in thousands)



Statistical Section

Pension Trust Funds Benefit Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Refunds		Annuity Expenses		Death Benefit Claims		Total							
	Member	Survivor/Other	Member	Survivor/Other	Active	Retired								
South Carolina Retirement System (SCRS)														
2014	\$	84,678	\$	5,572	\$	2,356,997	\$	105,149	\$	8,452	\$	10,788	\$	2,571,636
2013 ¹		81,754		5,458		2,267,657		100,853		8,245		10,888		2,474,855
2012		77,707		5,427		2,160,393		96,126		8,469		9,826		2,357,948
2011		79,238		5,353		2,043,662		90,369		7,815		8,670		2,235,107
2010		70,917		4,897		1,929,281		85,137		7,495		12,426		2,110,153
2009		68,762		5,120		1,873,998		82,448		8,063		9,845		2,048,236
2008		74,233		4,794		1,776,592		77,300		7,791		9,826		1,950,536
2007		71,778		5,434		1,674,534		72,658		7,509		8,439		1,840,352
2006		104,728		3,841		1,570,938		68,300		6,823		8,052		1,762,682
2005		63,417		4,017		1,450,883		63,336		6,534		7,176		1,595,363
Police Officers Retirement System (PORS)														
2014	\$	15,551	\$	633	\$	295,566	\$	17,650	\$	1,192	\$	1,218	\$	331,810
2013		14,246		737		280,699		16,932		1,020		965		314,599
2012		14,618		544		249,123		16,459		872		979		282,595
2011		14,518		384		228,739		15,704		912		1,072		261,329
2010		13,300		373		210,242		14,735		1,086		933		240,669
2009		13,243		510		197,529		14,344		936		784		227,346
2008		13,438		316		182,229		13,760		1,174		894		211,811
2007		12,063		480		168,785		12,603		1,178		741		195,850
2006		12,613		639		155,241		11,832		1,015		806		182,146
2005		13,017		424		141,493		11,095		859		609		167,497
General Assembly Retirement System (GARS)														
2014	\$	41	\$	-	\$	5,587	\$	1,212	\$	-	\$	20	\$	6,860
2013				3		5,554		1,166				16		6,739
2012		7		24		5,389		1,181		22		13		6,636
2011		45		12		5,359		1,169		45		13		6,643
2010				4		5,296		1,216				6		6,522
2009		33				5,187		1,229				14		6,463
2008		55		47		5,016		1,165		22		6		6,311
2007		70				4,767		1,168				5		6,010
2006						4,598		1,128				17		5,743
2005		31				4,493		1,067				16		5,607
Judges and Solicitors Retirement System (JSRS)														
2014	\$	-	\$	-	\$	14,839	\$	1,836	\$	-	\$	10	\$	16,685
2013 ¹		57				13,997		1,748		131		3		15,936
2012		83		51		13,322		1,849		130		4		15,439
2011						12,864		1,886		127		1		14,878
2010						12,213		1,955				11		14,179
2009						11,668		1,816		130		4		13,618
2008				211		11,094		1,754		252		4		13,315
2007						8,747		1,601		371		10		10,729
2006				20		8,311		1,366		122		2		9,821
2005						7,957		1,258				1		9,216
South Carolina National Guard Supplemental Retirement Plan (SCNG)														
2014	\$	-	\$	-	\$	4,247	\$	1	\$	-	\$	-	\$	4,248
2013						4,192		1						4,193
2012						4,064		1						4,065
2011						4,010		1						4,011
2010						3,623		1						3,624
2009						3,431		1						3,432
2008						3,198		1						3,199
2007						2,925		1						2,926
2006 ²						1,370		1						1,371

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

²The South Carolina Retirement Systems assumed administration of the National Guard Retirement System effective January 1, 2006; therefore, comparative totals for prior fiscal years are not presented.

Statistical Section

Operating Information

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

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

From fiscal year 2005 to fiscal year 2014, there was an overall increase in both the number of participating employers and the total number of covered employees for both SCRS and PORS; however, there was actually a decrease in the number of covered employees for some specific employers. This decrease stemmed from the economic recession experienced in the US between 2007 and 2009 which resulted in a reduction in hiring and an increase in retirements due to various incentives offered. Additionally, the Retirement Systems' TERI program and previous liberal return to work provisions, caused more working retired members to fill positions that were previously occupied by active employees. Retirement reform legislation tightened return to work provisions prospectively by closing the TERI program to all members effective June 30, 2018 and implementing an earnings limit for certain members retiring after January 1, 2013.

Statistical Section

South Carolina Retirement System Retired Members by Type of Benefit As of June 30, 2014

Monthly Benefit ¹	Number of Annuitant Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	25,738	19,203	222	2,439	2,856	1,018	17,915	140	1,631	540	306	3,758	1,448
\$ 501 - \$ 1,000	24,300	16,455	739	1,797	4,636	673	16,897	138	1,122	409	610	3,343	1,781
\$ 1,001 - \$ 1,500	18,658	13,366	1,147	1,054	2,794	297	12,041	92	700	251	1,086	2,740	1,748
\$ 1,501 - \$ 2,000	16,142	12,712	1,073	673	1,543	141	9,308	82	451	204	1,733	2,622	1,742
\$ 2,001 - \$ 2,500	17,967	15,754	820	384	960	49	10,576	82	256	158	1,564	3,074	2,257
\$ 2,501 - \$ 3,000	13,949	12,865	323	215	523	23	9,494	42	205	98	603	1,959	1,548
\$ 3,001 - \$ 3,500	6,411	5,935	107	148	208	13	4,006	30	141	86	301	1,038	809
\$ 3,501 - \$ 4,000	3,616	3,379	57	80	97	3	2,170	11	108	64	173	556	534
\$ 4,001 - \$ 4,500	2,019	1,910	28	42	37	2	1,213	10	55	46	75	335	285
\$ 4,501 - \$ 5,000	1,131	1,072	18	20	19	2	610	9	39	27	26	211	209
Over \$5,000	1,996	1,911	13	55	16	1	913	9	90	80	26	457	421
Totals	131,927	104,562	4,547	6,907	13,689	2,222	85,143	645	4,798	1,963	6,503	20,093	12,782

Type 1: Normal Retirement for Age and Service
Type 2: Early Retirement
Type 3: Beneficiary Payment²
Type 4: Disability Payment
Type 5: Beneficiary Payment, Disability Payment

Option 0: Maximum Benefit
Option 1: 10-Year Beneficiary Protection
Option 2: Survivor Benefit, Full Payment
Option 3: Survivor Benefit, Half Payment
Option 4: Social Security Option
Option 5: Survivor Benefit, Full Payment, Revert to Maximum
Option 6: Survivor Benefit, Half Payment, Revert to Maximum

Police Officers Retirement System Retired Members by Type of Benefit As of June 30, 2014

Monthly Benefit ¹	Number of Annuitant Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	2,593	1,690	334	369	125	75	1,533	140	72	124		534	190
\$ 501 - \$ 1,000	3,003	1,873	220	367	441	102	1,793	182	63	157		527	281
\$ 1,001 - \$ 1,500	2,577	1,559	207	244	523	44	1,430	108	67	197		481	294
\$ 1,501 - \$ 2,000	2,657	1,759	207	133	536	22	1,506	67	35	239		477	333
\$ 2,001 - \$ 2,500	2,228	1,639	107	69	404	9	1,312	43	19	147		382	325
\$ 2,501 - \$ 3,000	1,480	1,189	50	30	208	3	915	22	19	89		235	200
\$ 3,001 - \$ 3,500	781	652	18	16	93	2	517	11	14	33		104	102
\$ 3,501 - \$ 4,000	437	380	6	5	46		303	5	7	14		43	65
\$ 4,001 - \$ 4,500	231	210		5	16		150	5	3	3		31	39
\$ 4,501 - \$ 5,000	120	115	1	1	3		74	1	6	7		6	26
Over \$5,000	164	159		3	2		112	4	5	2		7	34
Totals	16,271	11,225	1,150	1,242	2,397	257	9,645	588	310	1,012		2,827	1,889

Type 1: Normal Retirement for Age and Service
Type 2: Early Retirement
Type 3: Beneficiary Payment²
Type 4: Disability Payment
Type 5: Beneficiary Payment, Disability Payment

Option 0: Maximum Benefit
Option 1: Survivor Benefit, Full Payment
Option 2: Survivor Benefit, Half Payment
Option 3: Social Security Option
Option 4: Accidental Death Survivor Benefit
Option 5: Survivor Benefit, Full Payment, Revert to Maximum
Option 6: Survivor Benefit, Half Payment, Revert to Maximum

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

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

Statistical Section

General Assembly Retirement System Retired Members by Type of Benefit As of June 30, 2014

Monthly Benefit ¹	Number of Annuitant Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	31	9	4	18			8	9	5			4	5
\$ 501 - \$ 1,000	69	39	5	25			26	17	5			14	7
\$ 1,001 - \$ 1,500	65	41	5	19			19	21	9			7	9
\$ 1,501 - \$ 2,000	104	72	23	9			42	29	12			14	7
\$ 2,001 - \$ 2,500	48	34	6	8			19	12	5			9	3
\$ 2,501 - \$ 3,000	25	22	1	2			10	5	2			6	2
\$ 3,001 - \$ 3,500	11	7	1	3			5	4	1			1	
\$ 3,501 - \$ 4,000	3	3						3					
\$ 4,001 - \$ 4,500	2	2					2						
\$ 4,501 - \$ 5,000													
Over \$5,000	1			1				1					
Totals	359	229	45	85			131	101	39			55	33

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

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

Judges and Solicitors Retirement System Retired Members by Type of Benefit As of June 30, 2014

Monthly Benefit ¹	Number of Annuitant Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	1	1					1						
\$ 501 - \$ 1,000	10			10				10					
\$ 1,001 - \$ 1,500													
\$ 1,501 - \$ 2,000	4			4			2	2					
\$ 2,001 - \$ 2,500	2			2			2						
\$ 2,501 - \$ 3,000	31			30		1	30	1					
\$ 3,001 - \$ 3,500	14	1		13			13	1					
\$ 3,501 - \$ 4,000	3	2		1			2	1					
\$ 4,001 - \$ 4,500	3	3					3						
\$ 4,501 - \$ 5,000	3	3					3						
Over \$5,000	133	132		1			128	5					
Totals	204	142		61		1	184	20					

Type 1: Normal Retirement for Age and Service
Type 3: Beneficiary Payment²
Type 5: Beneficiary Payment, Disability Payment

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

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

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

Statistical Section

South Carolina National Guard Supplemental Retirement Plan Retired Members by Type of Benefit As of June 30, 2014

Monthly Benefit ¹	Number of Annuitant Payees	Type 1	Type 2	Type 3	Type 4	Type 5	Opt 0	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
\$ 1 - \$ 500	4,638	4,637		1			4,638						
\$ 501 - \$ 1,000													
\$ 1,001 - \$ 1,500													
\$ 1,501 - \$ 2,000													
\$ 2,001 - \$ 2,500													
\$ 2,501 - \$ 3,000													
\$ 3,001 - \$ 3,500													
\$ 3,501 - \$ 4,000													
\$ 4,001 - \$ 4,500													
\$ 4,501 - \$ 5,000													
Over \$5,000													
Totals	4,638	4,637		1			4,638						

Type 1: Normal Retirement for Age and Service

Option 0: Maximum Benefit

Type 3: Beneficiary Payment²

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

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

Statistical Section

South Carolina Retirement System Retired Members by Years of Service

	Years of Credited Service							
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	Avg's/Tot
Period 07/01/2004 to 06/30/2005								
Average Monthly benefit	\$ 185.12	\$ 333.87	\$ 564.74	\$ 867.40	\$ 1,182.50	\$ 1,953.37	\$ 2,574.50	\$ 1,454.39
Average AFC	\$ 26,347.95	\$ 27,044.07	\$ 30,589.83	\$ 35,324.62	\$ 37,517.69	\$ 47,441.94	\$ 54,788.37	\$ 41,368.37
Number of Retired members	127	750	826	780	614	3594	507	7198
Period 07/01/2005 to 06/30/2006								
Average Monthly benefit	\$ 201.50	\$ 340.24	\$ 554.41	\$ 869.14	\$ 1,223.86	\$ 1,857.59	\$ 2,252.11	\$ 1,195.79
Average AFC	\$ 27,567.45	\$ 26,822.05	\$ 29,713.99	\$ 34,233.90	\$ 38,519.83	\$ 45,527.08	\$ 48,203.82	\$ 37,566.13
Number of Retired members	85	705	694	642	447	1,692	199	4,464
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit	\$ 197.53	\$ 338.01	\$ 613.64	\$ 888.98	\$ 1,180.29	\$ 1,981.68	\$ 2,512.52	\$ 1,331.70
Average AFC	\$ 27,519.51	\$ 28,298.57	\$ 34,062.55	\$ 36,554.81	\$ 38,276.60	\$ 48,965.20	\$ 54,061.35	\$ 41,167.19
Number of Retired members	108	841	847	702	554	2,483	294	5,829
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit	\$ 176.70	\$ 363.52	\$ 595.88	\$ 909.11	\$ 1,245.15	\$ 2,043.26	\$ 2,679.92	\$ 1,402.70
Average AFC	\$ 31,761.84	\$ 30,201.39	\$ 33,050.24	\$ 36,763.05	\$ 40,219.11	\$ 50,516.64	\$ 58,801.46	\$ 42,826.60
Number of Retired members	120	794	878	675	568	2,478	404	5,917
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit	\$ 184.93	\$ 367.39	\$ 618.21	\$ 945.25	\$ 1,302.51	\$ 2,164.92	\$ 2,970.18	\$ 1,461.88
Average AFC	\$ 28,733.35	\$ 30,154.09	\$ 34,626.66	\$ 38,205.49	\$ 42,049.14	\$ 53,615.59	\$ 65,131.06	\$ 44,748.95
Number of Retired members	120	786	892	689	645	2,197	451	5,780
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit	\$ 208.16	\$ 383.06	\$ 644.85	\$ 980.66	\$ 1,343.64	\$ 2,220.49	\$ 2,909.31	\$ 1,485.60
Average AFC	\$ 31,836.52	\$ 30,557.82	\$ 35,701.34	\$ 40,075.99	\$ 43,195.50	\$ 54,888.58	\$ 62,349.59	\$ 45,531.81
Number of Retired members	123	826	1,023	750	729	2,123	597	6,171
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit	\$ 194.32	\$ 377.33	\$ 656.93	\$ 1,009.21	\$ 1,367.71	\$ 2,281.94	\$ 2,887.02	\$ 1,444.11
Average AFC	\$ 30,558.57	\$ 31,038.09	\$ 35,785.89	\$ 40,237.22	\$ 43,906.64	\$ 56,552.09	\$ 62,311.88	\$ 45,382.14
Number of Retired members	147	905	1,102	845	757	1,902	588	6,246
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit	\$ 157.11	\$ 383.45	\$ 676.15	\$ 1,059.54	\$ 1,355.75	\$ 2,311.42	\$ 2,876.49	\$ 1,635.02
Average AFC	\$ 33,826.07	\$ 33,001.64	\$ 37,608.67	\$ 43,377.38	\$ 44,077.18	\$ 57,341.84	\$ 61,323.38	\$ 48,656.63
Number of Retired members	170	1,027	1,369	1,006	1,047	3,289	1,205	9,113
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit	\$ 163.89	\$ 374.51	\$ 667.78	\$ 1,016.89	\$ 1,401.94	\$ 2,306.48	\$ 2,939.66	\$ 1,668.94
Average AFC	\$ 33,379.05	\$ 32,968.26	\$ 36,681.15	\$ 41,701.38	\$ 45,013.70	\$ 56,728.62	\$ 62,069.78	\$ 48,656.91
Number of Retired members	126	1,057	1,206	936	832	3,365	1,143	8,665
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit	\$ 173.28	\$ 410.83	\$ 697.10	\$ 1,041.52	\$ 1,435.85	\$ 2,190.65	\$ 3,089.57	\$ 1,468.85
Average AFC	\$ 38,269.00	\$ 37,642.58	\$ 39,147.66	\$ 43,374.62	\$ 46,335.61	\$ 54,572.16	\$ 64,992.40	\$ 47,550.11
Number of Retired members	111	956	1,040	997	750	2,156	526	6,536
Ten Year Averages								
Average Monthly benefit	\$ 182.80	\$ 369.17	\$ 636.35	\$ 968.33	\$ 1,318.16	\$ 2,137.92	\$ 2,840.73	\$ 1,478.60
Average AFC	\$ 31,150.84	\$ 31,078.25	\$ 35,136.73	\$ 39,430.01	\$ 42,417.94	\$ 52,745.05	\$ 60,751.71	\$ 44,869.55
Number of Retired members	1,237	8,647	9,877	8,022	6,943	25,279	5,914	65,919

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

Statistical Section

Police Officers Retirement System Retired Members by Years of Service

	Years of Credited Service							
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	Avg/Tot
Period 07/01/2004 to 06/30/2005								
Average Monthly benefit	\$ 371.48	\$ 665.34	\$ 921.31	\$ 1,222.65	\$ 1,734.37	\$ 2,079.81	\$ 3,202.40	\$ 1,374.94
Average AFC	\$ 39,097.95	\$ 35,333.45	\$ 36,119.17	\$ 37,869.58	\$ 43,774.25	\$ 46,383.77	\$ 58,907.27	\$ 41,111.11
Number of Retired members	71	121	124	128	80	204	33	761
Period 07/01/2005 to 06/30/2006								
Average Monthly benefit	\$ 416.55	\$ 581.55	\$ 998.87	\$ 1,264.32	\$ 1,815.41	\$ 2,322.47	\$ 3,413.99	\$ 1,517.80
Average AFC	\$ 35,369.28	\$ 36,920.26	\$ 37,807.18	\$ 38,735.81	\$ 44,103.36	\$ 51,285.81	\$ 62,552.57	\$ 43,414.36
Number of Retired members	42	117	110	111	65	193	35	673
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit	\$ 314.01	\$ 585.23	\$ 921.84	\$ 1,314.16	\$ 1,834.59	\$ 2,371.87	\$ 3,793.93	\$ 1,464.49
Average AFC	\$ 33,829.80	\$ 35,953.69	\$ 38,076.76	\$ 41,295.87	\$ 45,193.83	\$ 53,041.40	\$ 69,279.13	\$ 43,737.72
Number of Retired members	70	131	119	112	98	191	29	750
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit	\$ 339.75	\$ 672.20	\$ 1,029.33	\$ 1,338.21	\$ 1,913.22	\$ 2,437.16	\$ 3,760.37	\$ 1,561.75
Average AFC	\$ 38,746.31	\$ 36,996.15	\$ 39,502.53	\$ 41,671.69	\$ 47,970.26	\$ 54,925.42	\$ 69,695.78	\$ 45,930.96
Number of Retired members	72	132	119	97	98	197	38	753
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit	\$ 359.15	\$ 666.06	\$ 1,060.74	\$ 1,460.31	\$ 1,945.86	\$ 2,546.98	\$ 3,777.66	\$ 1,760.05
Average AFC	\$ 41,321.53	\$ 40,388.45	\$ 41,602.78	\$ 43,217.29	\$ 49,476.87	\$ 56,365.99	\$ 67,110.63	\$ 49,023.55
Number of Retired members	67	133	136	88	106	272	63	865
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit	\$ 417.56	\$ 699.54	\$ 984.11	\$ 1,357.38	\$ 1,971.93	\$ 2,447.52	\$ 3,581.54	\$ 1,632.52
Average AFC	\$ 40,716.20	\$ 39,473.83	\$ 40,082.54	\$ 42,712.24	\$ 48,826.52	\$ 55,428.90	\$ 63,527.80	\$ 47,201.29
Number of Retired members	80	121	127	129	120	240	47	864
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit	\$ 247.37	\$ 708.00	\$ 1,020.85	\$ 1,474.19	\$ 1,929.16	\$ 2,482.99	\$ 3,569.41	\$ 1,584.50
Average AFC	\$ 37,600.27	\$ 39,952.37	\$ 40,400.70	\$ 44,622.87	\$ 47,089.42	\$ 55,621.41	\$ 65,042.40	\$ 46,655.15
Number of Retired members	92	157	181	117	145	274	40	1,006
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit	\$ 297.63	\$ 714.18	\$ 1,052.50	\$ 1,427.66	\$ 2,045.21	\$ 2,498.86	\$ 3,623.72	\$ 1,773.74
Average AFC	\$ 44,507.30	\$ 39,975.77	\$ 42,779.30	\$ 43,692.98	\$ 51,113.91	\$ 56,323.82	\$ 66,397.34	\$ 49,884.84
Number of Retired members	125	200	184	156	217	552	67	1,501
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit	\$ 225.26	\$ 644.56	\$ 1,060.77	\$ 1,543.54	\$ 1,919.73	\$ 2,419.31	\$ 3,640.68	\$ 1,670.62
Average AFC	\$ 45,104.35	\$ 38,218.81	\$ 41,420.56	\$ 47,483.81	\$ 48,466.15	\$ 54,611.27	\$ 68,020.52	\$ 48,259.95
Number of Retired members	80	170	164	161	185	421	25	1,206
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit	\$ 271.76	\$ 863.72	\$ 1,193.65	\$ 1,444.34	\$ 2,039.74	\$ 2,354.27	\$ 4,244.25	\$ 1,473.04
Average AFC	\$ 43,901.86	\$ 40,453.82	\$ 43,291.00	\$ 45,013.70	\$ 50,162.02	\$ 52,168.31	\$ 75,435.63	\$ 46,509.12
Number of Retired members	86	145	148	125	86	144	22	756
Ten Year Averages								
Average Monthly benefit	\$ 317.37	\$ 683.94	\$ 1,030.18	\$ 1,390.27	\$ 1,934.20	\$ 2,419.31	\$ 3,645.03	\$ 1,604.81
Average AFC	\$ 40,575.85	\$ 38,519.85	\$ 40,370.14	\$ 42,840.24	\$ 48,169.08	\$ 54,234.40	\$ 66,203.49	\$ 46,662.19
Number of Retired members	785	1,427	1,412	1,224	1,200	2,688	399	9,135

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

Statistical Section

General Assembly Retirement System Retired Members by Years of Service

	Years of Credited Service							
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	Avg's/Tot
Period 07/01/2004 to 06/30/2005								
Average Monthly benefit	\$ 719.79	\$ 1,060.18	\$ 1,504.62	\$ 1,765.31	\$ 2,343.33	\$ 2,567.82	\$ 1,801.39	
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	1	3	5	6	5	3	23	
Period 07/01/2005 to 06/30/2006								
Average Monthly benefit	\$ 1,192.02	\$ 1,398.49	\$ 1,900.02	\$ 1,953.73	\$ 2,691.46	\$ 1,750.70		
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	3	2	2	1	2	10		
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit	\$ 899.73	\$ 914.61	\$ 1,348.59	\$ 1,843.28	\$ 2,619.33	\$ 1,778.87		
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	1	1	3	8	3	16		
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit	\$ 319.69	\$ 969.43	\$ 1,649.07	\$ 1,684.61	\$ 2,095.51	\$ 2,555.55	\$ 1,687.41	
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	1	2	5	5	1	3	17	
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit	\$ 683.40	\$ 971.68	\$ 1,324.67	\$ 1,738.19	\$ 2,416.04	\$ 2,590.37	\$ 1,587.90	
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	2	3	4	7	2	2	20	
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit		\$ 1,298.78	\$ 2,476.92	\$ 1,887.50				
Average AFC		\$ 22,400.00	\$ 22,400.00	\$ 22,400.00			\$ 22,400.00	
Number of Retired members		2	2	4				
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit	\$ 132.70	\$ 1,068.00	\$ 1,142.12	\$ 1,901.69	\$ 2,838.65	\$ 3,207.33	\$ 1,852.00	
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 24,200.00	\$ 27,900.00	\$ 23,727.27	
Number of Retired members	1	3	1	2	2	2	11	
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit	\$ 719.79	\$ 1,097.69	\$ 1,541.77	\$ 1,945.10	\$ 2,092.90	\$ 1,468.33		
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	1	5	1	4	1	12		
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit	\$ 831.73	\$ 1,039.12	\$ 1,448.99	\$ 1,898.75	\$ 1,886.18	\$ 2,305.65	\$ 1,652.52	
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	
Number of Retired members	1	5	2	4	3	4	19	
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit	\$ 152.97	\$ 539.84	\$ 2,313.46	\$ 2,547.40	\$ 1,387.75			
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 26,000.00	\$ 22,400.00	\$ 23,300.00			
Number of Retired members	1	1	1	1	1	4		
Ten Year Averages								
Average Monthly benefit	\$ 201.78	\$ 725.38	\$ 1,056.53	\$ 1,443.57	\$ 1,826.17	\$ 2,305.48	\$ 2,574.73	\$ 1,693.85
Average AFC	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,400.00	\$ 22,492.30	\$ 22,625.00	\$ 22,923.80	\$ 22,533.82
Number of Retired members	3	7	25	25	39	16	21	136

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

Statistical Section

Judges and Solicitors Retirement System Retired Members by Years of Service

	Years of Credited Service							
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	30 Plus	Avg's/Tot
Period 07/01/2004 to 06/30/2005								
Average Monthly benefit					\$ 6,850.98		\$ 8,538.70	\$ 7,413.00
Average AFC					\$115,255.50		\$113,862.00	\$114,791.00
Number of Retired members					2		1	3
Period 07/01/2005 to 06/30/2006								
Average Monthly benefit			\$ 7,226.08			\$ 8,198.72	\$ 9,097.69	\$ 8,173.66
Average AFC			\$ 121,617.00			\$ 121,617.00	\$121,316.00	\$121,516.66
Number of Retired members			1			1	1	3
Period 07/01/2006 to 06/30/2007								
Average Monthly benefit		\$ 4,430.37	\$ 5,184.19	\$ 7,456.84	\$ 8,433.08	\$ 9,227.51	\$ 8,697.00	
Average AFC		\$125,265.00	\$ 124,955.00	\$124,955.00	\$121,968.00	\$126,312.05	\$125,770.78	
Number of Retired members		1	1	1	2	18	23	
Period 07/01/2007 to 06/30/2008								
Average Monthly benefit		\$ 4,079.72	\$ 7,867.78		\$ 8,215.93	\$ 9,343.57	\$ 8,030.20	
Average AFC		\$127,165.50	\$ 132,417.00		\$125,627.00	\$127,890.33	\$127,971.70	
Number of Retired members		2	1		1	6	10	
Period 07/01/2008 to 06/30/2009								
Average Monthly benefit		\$ 7,742.70		\$ 6,985.17	\$ 8,743.82	\$ 9,446.04	\$ 8,358.22	
Average AFC		\$130,312.00		\$128,026.00	\$130,312.00	\$128,597.50	\$128,788.00	
Number of Retired members		1		3	1	4	9	
Period 07/01/2009 to 06/30/2010								
Average Monthly benefit				\$ 7,538.96	\$ 8,092.11	\$ 9,773.78	\$ 8,822.10	
Average AFC				\$126,883.00	\$128,026.00	\$131,683.80	\$129,626.30	
Number of Retired members				2	3	5	10	
Period 07/01/2010 to 06/30/2011								
Average Monthly benefit				\$ 7,730.82	\$ 8,138.15	\$ 9,378.37	\$ 8,508.22	
Average AFC				\$129,454.75	\$130,312.00	\$127,740.25	\$128,788.00	
Number of Retired members				4	1	4	9	
Period 07/01/2011 to 06/30/2012								
Average Monthly benefit			\$ 5,654.22		\$ 7,647.17	\$ 9,687.67	\$ 8,335.16	
Average AFC			\$ 126,883.00		\$126,883.00	\$129,169.00	\$128,026.00	
Number of Retired members			1		2	3	6	
Period 07/01/2012 to 06/30/2013								
Average Monthly benefit		\$ 4,309.38	\$ 7,974.96	\$ 7,905.00		\$ 10,490.48	\$ 7,256.71	
Average AFC		\$130,689.00	\$ 134,221.00	\$133,043.66		\$139,873.00	\$133,514.71	
Number of Retired members		2	1	3		1	7	
Period 07/01/2013 to 06/30/2014								
Average Monthly benefit			\$ 6,962.75	\$ 7,765.10	\$ 9,405.95	\$ 10,066.58	\$ 8,538.00	
Average AFC			\$ 132,455.00	\$130,689.00	\$134,221.00	\$134,221.00	\$133,043.66	
Number of Retired members			2	1	1	2	6	
Ten Year Averages								
Average Monthly benefit		\$ 4,825.21	\$ 6,833.24	\$ 7,474.72	\$ 8,261.61	\$ 9,414.36	\$ 8,362.38	
Average AFC		\$128,547.66	\$ 129,286.14	\$127,559.31	\$126,989.08	\$127,905.08	\$127,870.18	
Number of Retired members		6	7	16	12	45	86	

Note: Benefit amounts represent original monthly benefit at retirement for all retirees and, for comparison purposes, do not include benefit adjustments.

Statistical Section

South Carolina National Guard Supplemental Retirement Plan Retired Members by Years of Service

	Years of Credited Service						Avg/Tot
	0 to 5	5+ to 10	10+ to 15	15+ to 20	20+ to 25	25+ to 30	
Period 07/01/2004 to 06/30/2005							
Average Monthly benefit				\$ 50.31	\$ 62.56	\$ 91.11	\$ 74.38
Average AFC							
Number of Retired members				32	109	45	237
Period 07/01/2005 to 06/30/2006							
Average Monthly benefit				\$ 50.00	\$ 62.64	\$ 90.48	\$ 75.01
Average AFC							
Number of Retired members				45	138	62	320
Period 07/01/2006 to 06/30/2007							
Average Monthly benefit				\$ 50.00	\$ 61.86	\$ 89.47	\$ 74.62
Average AFC							
Number of Retired members				64	174	95	427
Period 07/01/2007 to 06/30/2008							
Average Monthly benefit				\$ 50.00	\$ 61.76	\$ 90.06	\$ 74.19
Average AFC							
Number of Retired members				60	170	75	397
Period 07/01/2008 to 06/30/2009							
Average Monthly benefit				\$ 50.00	\$ 60.90	\$ 90.77	\$ 73.28
Average AFC							
Number of Retired members				60	143	71	346
Period 07/01/2009 to 06/30/2010							
Average Monthly benefit				\$ 50.00	\$ 61.55	\$ 90.29	\$ 73.43
Average AFC							
Number of Retired members				59	135	51	325
Period 07/01/2010 to 06/30/2011							
Average Monthly benefit				\$ 50.00	\$ 61.34	\$ 88.15	\$ 76.19
Average AFC							
Number of Retired members				39	115	65	301
Period 07/01/2011 to 06/30/2012							
Average Monthly benefit				\$ 50.00	\$ 62.47	\$ 90.78	\$ 73.55
Average AFC							
Number of Retired members				49	103	38	252
Period 07/01/2012 to 06/30/2013							
Average Monthly benefit				\$ 50.00	\$ 61.66	\$ 88.22	\$ 72.59
Average AFC							
Number of Retired members				47	105	45	252
Period 07/01/2013 to 06/30/2014							
Average Monthly benefit				\$ 50.00	\$ 62.02	\$ 90.00	\$ 70.97
Average AFC							
Number of Retired members				34	74	25	164
Ten Year Averages							
Average Monthly benefit				\$ 50.02	\$ 61.85	\$ 89.88	\$ 74.00
Average AFC							
Number of Retired members				489	1,266	572	3,021

Note: Benefit amounts represent original monthly benefit at retirement for all retirees.

Statistical Section

South Carolina Retirement System Principal Participating Employers in Fiscal Year 2014 and Ten Years Prior Fiscal Year 2005

Participating Government	Fiscal Year 2014					Fiscal Year 2005				
	Covered Employees ¹	Rank	Percentage of Total System	Total Active Members	Total Working Retirees	Covered Employees ¹	Rank	Percentage of Total System	Total Active Members	Total Working Retirees
State Agency ²	31,602	1	14.08%	26,901	4,701	37,765	1	17.45%	31,721	6,044
School District of Greenville County	8,932	2	3.98%	7,682	1,250	8,142	2	3.76%	7,014	1,128
University of South Carolina	5,443	3	2.42%	4,345	1,098	5,190	4	2.39%	4,208	982
Charleston County School District	5,402	4	2.40%	4,698	704	5,804	3	2.68%	5,061	743
Lexington Medical Center	5,371	5	2.39%	5,159	212					
Horry County School District	5,330	6	2.37%	4,601	729	4,229	6	1.95%	3,820	409
MUSC Hospital	5,180	7	2.30%	4,854	326	4,086	8	1.88%	3,912	174
Spartanburg Regional Medical Center	5,155	8	2.29%	4,829	326	4,161	7	1.92%	3,993	168
Richland County School District 1	4,252	9	1.89%	3,494	758	4,352	5	2.01%	3,687	665
Berkeley Co Department of Education	3,895	10	1.73%	3,443	452	3,564	10	1.64%	3,189	375
Clemson University						3,658	9	1.69%	2,993	665
All Other	143,815		64.15%	124,737	19,078	135,420		62.63%	120,496	14,924
Total ³	224,377		100.00%	194,743	29,634	216,371		100.00%	190,094	26,277

In FY 2014, "All Other" consisted of:

Type	Number	Employees
Quasi-State/Higher Ed	31	18,513
City/County	576	52,651
Public Schools	111	72,651
Total	718	143,815

In FY 2005, "All Other" consisted of:

Type	Number	Employees
Quasi-State/Higher Ed	30	14,389
City/County	557	51,478
Public Schools	94	69,553
Total	681	135,420

¹Employers are considered to be participating employers if they submit contributions for an active member or working retiree during the fiscal year. The number of covered employees represents the total number of employees reported by the employer throughout the fiscal year which includes working retirees and TERI participants.

² Although each state agency reports separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Quasi-State Agencies and Institutions of Higher Education are counted as separate employers and included within the "State" category.

³ Fiscal Year 2014 total includes 728 governmental entities and 2005 total includes 691 governmental entities.

Statistical Section

Police Officers Retirement System Principal Participating Employers in Fiscal Year 2014 and Ten Years Prior Fiscal Year 2005

Participating Government	Fiscal Year 2014					Fiscal Year 2005				
	Covered Employees ¹	Rank	Percentage of Total System	Total Active Members	Total Working Retirees	Covered Employees ¹	Rank	Percentage of Total System	Total Active Members	Total Working Retirees
State Agency ²	10,630	1	4.73%	9,772	858	10,209	1	37.92%	9,620	589
County Council of Richland County	1,032	2	0.45%	847	185	854	2	3.17%	801	53
Horry Co Council	979	3	0.43%	881	98	703	4	2.61%	683	20
City of Columbia	889	4	0.39%	820	69	730	3	2.71%	694	36
Greenville County Council	846	5	0.37%	701	145	691	6	2.56%	622	69
City of Charleston	814	6	0.36%	764	50	429	10	1.59%	385	44
County of Charleston	809	7	0.36%	672	137	693	5	2.57%	639	54
Co Council of Lexington	655	8	0.29%	571	84	470	9	1.74%	423	47
City of North Charleston	619	9	0.27%	588	31	491	8	1.82%	474	17
Spartanburg County Council	567	10	0.25%	448	119	511	7	1.89%	448	63
All Other	14,111		92.10%	12,039	2,072	11,140		41.42%	10,424	716
Total ³	31,951		100.00%	28,103	3,848	26,921		100.00%	25,213	1,708

In FY 2014, "All Other" consisted of:

Type	Number	Employees
Quasi-State/Higher Ed	30	627
City/County	314	13,319
Public Schools	57	165
Total	401	14,111

In FY 2005, "All Other" consisted of:

Type	Number	Employees
Quasi-State/Higher Ed	19	461
City/County	253	10,676
Public Schools	2	3
Total	274	11,140

¹The number of covered employees represents the total number of employees reported by the employer throughout the fiscal year which includes working retirees.

² Although each state agency reports separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Quasi-State Agencies and Institutions of Higher Education are counted as separate employers and included within the "State" category.

³ Fiscal Year 2014 total includes 411 governmental entities and 2005 total includes 284 governmental entities.

Statistical Section

Revenue Capacity Information

Revenue Capacity Information is intended to assist users in realizing and reviewing the factors that affect the Systems' ability to generate revenues. Employee and employer contribution rates for the most recent ten fiscal years are presented to aid in this category.

Retirement reform legislation enacted in 2012 set a contribution schedule for SCRS and PORS employee and employer contribution rates. This legislation increased employee contributions for SCRS and PORS from 6.5 percent to 8.0 percent in .5 percent increments annually from July 1, 2012, to July 1, 2014. The SCRS employer contribution rate was increased to 10.6 percent beginning July 1, 2012, and increased to 10.9 percent beginning July 1, 2014. The PORS employer contribution rate increased to 12.3 percent beginning July 1, 2012, to 12.5 percent July 1, 2013, and 13.0 percent July 1, 2014.

The legislation also provided that if the scheduled contribution rates were not sufficient to maintain a 30-year amortization period for the unfunded liability of SCRS and/or PORS, as determined by the annual actuarial valuations of the plans, scheduled employer and employee contribution rates must be increased in equal amounts as necessary to maintain a 30-year amortization period for SCRS and/or PORS.

Based upon the 2011 actuarial valuation of PORS, PEBA Retirement Benefits' actuaries found that the 7.5 percent employee and 12.5 percent employer contribution rates scheduled for July 1, 2013, were not sufficient to maintain a 30-year amortization period for PORS. Therefore, the contribution rates had to be increased by an additional equal amount of 0.34 percent to 7.84 percent and 12.84 percent, respectively, for the fiscal year beginning July 1, 2013, to maintain a 30-year amortization schedule for PORS. Based upon the 2012 actuarial valuation of PORS, the contribution rates beginning July 1, 2014, increased to 8.41 percent for employees and 13.41 percent for employers. Like the increases for fiscal year 2014, these increases were required for the fiscal year beginning July 1, 2014, to maintain a 30-year amortization schedule for PORS.

If additional contribution increases are required, both employee and employer contribution rates must be increased to maintain a 2.9 differential between the rates for SCRS and a 5.0 differential between the rates for PORS. No decrease in contribution rates may be made until the plans are at least 90 percent funded.

Statistical Section

Employee Contribution Rates¹ Most Recent 10 Fiscal Years

Fiscal Year Ended June 30,	SCRS Class II & III	PORS Class II & III	GARS ²	JSRS
2014	7.50%	7.84%	11.00%	10.00%
2013	7.00%	7.00%	11.00%	10.00%
2012	6.50%	6.50%	10.00%	10.00%
2011	6.50%	6.50%	10.00%	10.00%
2010	6.50%	6.50%	10.00%	10.00%
2009	6.50%	6.50%	10.00%	10.00%
2008	6.50%	6.50%	10.00%	10.00%
2007	6.50%	6.50%	10.00%	10.00%
2006	6.25%	6.50%	10.00%	9.00%
2005	6.00%	6.50%	10.00%	8.00%

¹The South Carolina National Guard Supplemental Retirement Plan (SCNG) is a non-contributory plan; therefore, employee contribution rates are not applicable.

²The General Assembly Retirement System (GARS) employee contribution rate increased from 10 percent of earnable compensation to 11 percent of earnable compensation effective January 1, 2013.

Employer Contribution Rates¹ Most Recent 10 Fiscal Years

Fiscal Year Ended June 30,	SCRS Class II & III ²			PORS Class II & III ²			JSRS	
	State Dept & Public Schools	Local Government	Death Benefit	All Employers	Death Benefit	Accidental Death	All Employers	Death Benefit
2014	10.450%	10.450%	0.15%	12.440%	0.20%	0.20%	46.88%	0.45%
2013	10.450%	10.450%	0.15%	11.900%	0.20%	0.20%	44.64%	0.45%
2012	9.385%	9.385%	0.15%	11.363%	0.20%	0.20%	44.64%	0.45%
2011	9.240%	9.240%	0.15%	11.130%	0.20%	0.20%	44.64%	0.45%
2010	9.240%	9.240%	0.15%	10.650%	0.20%	0.20%	44.64%	0.45%
2009	9.240%	9.240%	0.15%	10.650%	0.20%	0.20%	44.64%	0.45%
2008	9.060%	9.060%	0.15%	10.300%	0.20%	0.20%	44.64%	0.45%
2007	8.050%	8.050%	0.15%	10.300%	0.20%	0.20%	41.65%	0.45%
2006	7.550%	7.550%	0.15%	10.300%	0.20%	0.20%	41.65%	0.45%
2005	7.550%	6.700%	0.15%	10.300%	0.20%	0.20%	41.65%	0.45%

¹This schedule does not include employer contributions for the GARS because amounts are paid as an annual lump-sum appropriation, for which incidental death benefit contributions are included. The schedule also does not include employer contributions for the SCNG which are paid through an annual State appropriation.

²For employers with retiree insurance coverage, an additional retiree health insurance surcharge is collected by the Retirement Systems as a pass-through agency and amounts are remitted to the South Carolina Retiree Health Insurance Trust Fund; therefore, these insurance rates are not included in this schedule.

Statistical Section

Demographic and Economic Information

Demographic and Economic Information is intended to assist users in evaluating the socioeconomic environment within which the Systems operate and to provide information that facilitates comparisons of financial statement information over time and among pension plans. Active and retired member data for the past ten fiscal years can be found in the Actuarial Section on Pages 147-149 and 155-157.

A list of the number of employers currently participating in the SCRS and PORS systems is presented in this section. State agencies, institutions of higher education, and public school districts are covered by Statute. The list of participating employers includes a directory of employers covered by separate agreement. This list includes employers who submitted contributions during the quarter ending June 30, 2014, for active members and working retirees.

Statistical Section

Participating Employers

Participating Employers Covered by Statute	<u>SCRS</u>	<u>PORS</u>
State Agencies & Institutions of Higher Education	35	31
Public School Districts	116	57
<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Participating Employers Covered by Separate Agreement	577	323
ABBEVILLE COUNTY COUNCIL	Y	Y
ABBEVILLE GREENWOOD REGIONAL LIBRARY BD	Y	
AIKEN BAMBERG BRNWELL EDGEFLD REG LIB BD	Y	
AIKEN COUNTY COMM ON ALCOHOL&DRUG ABUSE	Y	Y
ALLENDALE COUNTY COUNCIL	Y	Y
ALLENDALE COUNTY OFFICE ON AGING	Y	
ALLENDALE HAMPTON JASPER REG LIBRARY	Y	
ALLENDALE-BARNWELL DIS & SPEC NEEDS BD	Y	
ALLIGATOR RURAL WATER & SEWER CO	Y	
ANDERSON CO COMM ON ALCOHOL & DRUG ABUSE	Y	
ANDERSON CO COUNCIL-FINANCE OFFICE	Y	Y
ANDERSON CO DISABILITIES & SPEC NEEDS BD	Y	
ANDERSON CO FIRE PROTECTION COMMISSION	Y	Y
ANDERSON COUNTY LIBRARY BOARD	Y	
ANDERSON REGIONAL JOINT WATER SYSTEM	Y	
ASHLEY RIVER FIRE DISTRICT	Y	Y
AXIS I CENTER OF BARNWELL	Y	
BAMBERG BOARD OF PUBLIC WORKS	Y	
BAMBERG CO DISBILITIES & SPEC NEEDS BD	Y	
BAMBERG COUNTY COUNCIL	Y	Y
BAMBERG COUNTY OFFICE ON AGING	Y	
BARNWELL COUNTY COUNCIL	Y	Y
BDST SERVICES, INC.	Y	
BEAUFORT MEMORIAL HOSPITAL	Y	Y
BEAUFORT SOIL & WATER CONSERVATION DIST	Y	
BEAUFORT-JASPER CO WATER AUTHORITY	Y	
BEECH ISLAND RURAL COMMUNITY WATER DIST	Y	
BELMONT FIRE & SANITATION DIST COMM	Y	Y
BELTON-HONEA PATH WATER AUTHORITY	Y	
BEREA PUBLIC SERVICE DISTRICT COMMISSION	Y	
BERKELEY CHARLESTON DORCHESTER COUNCIL	Y	
BERKELEY CHARLESTON DORCHESTER RTMA	Y	
BERKELEY COUNTY GOVERNMENT	Y	Y
BERKELEY COUNTY WATER & SANITATION	Y	
BERKELEY SOIL & WATER CONSERVATION DIST	Y	
BETHUNE RURAL WATER COMPANY INC	Y	
BIG CREEK WATER AND SEWERAGE DISTRICT	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
BLUE RIDGE RURAL WATER COMPANY, INC.	Y	
BLUFFTON TOWNSHIP FIRE DISTRICT	Y	Y
BOILING SPRINGS FIRE DEPARTMENT		Y
BOILING SPRINGS FIRE DISTRICT	Y	Y
BROADWAY WATER AND SEWER DISTRICT	Y	
BUCKSPORT WATER SYSTEM, INC.	Y	
BURTON CTR FOR DIS & SPC ND	Y	Y
BURTON FIRE DISTRICT	Y	Y
CALHOUN CO DISABILITIES & SPEC NEEDS BD	Y	
CALHOUN COUNTY COUNCIL	Y	Y
CALHOUN COUNTY COUNCIL ON AGING	Y	
CAROMI VILLAGE VOLUNTEER FIRE DEPARTMENT		Y
CATAWBA AREA AGENCY ON AGING	Y	
CATAWBA REGIONAL COUNCIL OF GOVERNMENTS	Y	
CENTRAL MIDLANDS COUNCIL OF GOVERNMENTS	Y	
CENTRAL MIDLANDS REGIONAL TRANSIT AUTHOR	Y	
CHARLESTON AREA TRANSPORTATION AUTHORITY	Y	
CHARLESTON CO HOUSING & REDEV AUTHORITY	Y	
CHARLESTON CO PARK AND RECREATION COMM	Y	
CHARLESTON COMMISSIONERS OF PUBLIC WORKS	Y	
CHARLESTON COUNTY AIRPORT DISTRICT	Y	Y
CHARLESTON COUNTY HUMAN SERVICES COMM	Y	
CHARLESTON COUNTY LIBRARY	Y	
CHARLESTON NAVAL COMPLEX REDEVELOPMENT	Y	
CHEROKEE CO COMM ON ALCOHOL & DRUG ABUSE	Y	
CHEROKEE CO DISABILITIES & SPEC NEEDS BD	Y	
CHEROKEE COUNTY COUNCIL	Y	Y
CHEROKEE COUNTY DEVELOPMENT BOARD	Y	
CHEROKEE COUNTY PUBLIC LIBRARY	Y	
CHEROKEE COUNTY RECREATION DIST	Y	
CHEROKEE SPRINGS FIRE DISTRICT		Y
CHESCO SERVICES	Y	Y
CHESTER CO BD OF DIRECTORS	Y	Y
CHESTER CO HOSPITAL & NURSING CTR., INC.	Y	
CHESTER COUNTY LIBRARY	Y	
CHESTER METRO DISTRICT	Y	
CHESTER SEWER DISTRICT	Y	
CHESTER/LANCASTER CO DSN BOARD, INC.	Y	
CHESTERFIELD CO RURAL WATER CO INC	Y	Y
CHESTERFIELD COUNTY COUNCIL	Y	Y
CHESTERFIELD SOIL & WATER CONS DISTRICT	Y	
CITY OF ABBEVILLE-ATTN:CITY CLERK	Y	Y
CITY OF AIKEN		Y
CITY OF ANDERSON		Y
CITY OF BAMBERG	Y	Y

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
CITY OF BARNWELL	Y	Y
CITY OF BEAUFORT	Y	Y
CITY OF BELTON	Y	Y
CITY OF BENNETTSVILLE	Y	Y
CITY OF CAMDEN & MUNICIPAL UTILITIES	Y	Y
CITY OF CAYCE	Y	Y
CITY OF CHARLESTON	Y	Y
CITY OF CHESTER	Y	Y
CITY OF CLEMSON	Y	Y
CITY OF CLINTON	Y	Y
CITY OF COLUMBIA	Y	Y
CITY OF CONWAY	Y	Y
CITY OF DARLINGTON	Y	Y
CITY OF DENMARK	Y	Y
CITY OF DILLON	Y	Y
CITY OF EASLEY	Y	Y
CITY OF FLORENCE	Y	Y
CITY OF FOLLY BEACH	Y	Y
CITY OF FOREST ACRES	Y	Y
CITY OF FOUNTAIN INN	Y	Y
CITY OF GAFFNEY	Y	Y
CITY OF GEORGETOWN	Y	Y
CITY OF GOOSE CREEK	Y	Y
CITY OF GREENVILLE	Y	Y
CITY OF GREENWOOD	Y	Y
CITY OF GREER	Y	Y
CITY OF HANAHAN	Y	Y
CITY OF HARDEEVILLE	Y	Y
CITY OF HARTSVILLE	Y	Y
CITY OF INMAN	Y	Y
CITY OF ISLE OF PALMS	Y	Y
CITY OF JOHNSONVILLE	Y	Y
CITY OF LAKE CITY	Y	Y
CITY OF LANCASTER	Y	Y
CITY OF LAURENS	Y	Y
CITY OF LIBERTY	Y	Y
CITY OF LORIS	Y	Y
CITY OF MANNING	Y	Y
CITY OF MARION	Y	Y
CITY OF MAULDIN	Y	Y
CITY OF MULLINS	Y	Y
CITY OF MYRTLE BEACH	Y	Y
CITY OF NEW ELLENTON	Y	Y
CITY OF NEWBERRY	Y	Y
CITY OF NORTH AUGUSTA	Y	Y

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
CITY OF NORTH CHARLESTON	Y	Y
CITY OF NORTH MYRTLE BEACH		Y
CITY OF ORANGEBURG	Y	Y
CITY OF PICKENS	Y	Y
CITY OF ROCK HILL	Y	Y
CITY OF SENECA	Y	Y
CITY OF SIMPSONVILLE	Y	Y
CITY OF SPARTANBURG	Y	Y
CITY OF SUMTER	Y	Y
CITY OF TEGA CAY	Y	Y
CITY OF TRAVELERS REST	Y	Y
CITY OF UNION	Y	Y
CITY OF WALHALLA	Y	Y
CITY OF WALTERBORO	Y	Y
CITY OF WEST COLUMBIA	Y	Y
CITY OF WOODRUFF	Y	Y
CITY OF YORK	Y	Y
CLARENDON CO COMM ON ALCOHOL & DRUG ABUS	Y	
CLARENDON CO DISB & SPECIAL NEEDS BOARD	Y	Y
CLARENDON COUNTY	Y	Y
CLEAR SPRING FIRE-RESCUE	Y	Y
CLINTON NEWBERRY NATURAL GAS AUTHORITY	Y	Y
CO COUNCIL OF LEXINGTON	Y	Y
COLLETON CO DISABILITIES & SPEC NEED BD	Y	Y
COLUMBIA HOUSING AUTHORITY	Y	
COLUMBIA MUSEUM OF ART	Y	
COMBINED UTILITY SYSTEM	Y	
COMM OF PUBLIC WORKS MUNICIPAL UTILITIES	Y	
COMMISSION ON PUBLIC WORKS	Y	
CONVERSE FIRE DISTRICT		Y
COUNTY COUNCIL FOR DORCHESTER COUNTY	Y	Y
COUNTY COUNCIL OF BEAUFORT COUNTY	Y	Y
COUNTY COUNCIL OF NEWBERRY COUNTY	Y	Y
COUNTY COUNCIL OF PICKENS COUNTY	Y	Y
COUNTY COUNCIL OF RICHLAND COUNTY	Y	Y
COUNTY OF AIKEN	Y	Y
COUNTY OF CHARLESTON	Y	Y
COUNTY OF COLLETON	Y	Y
COUNTY OF HAMPTON	Y	Y
COUNTY OF LAURENS	Y	Y
COUNTY OF MARLBORO	Y	Y
COUNTY OF MCCORMICK	Y	Y
CROFT FIRE DISTRICT		Y
CULTURAL & HERITAGE COMM OF YORK COUNTY	Y	
DARLINGTON CO COMMUNITY ACTION AGENCY	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
DARLINGTON CO DISAB & SPECIAL NEEDS BD	Y	Y
DARLINGTON CO SOIL & WATER CONS DISTRICT	Y	
DARLINGTON CO WATER & SEWER COMMISSION	Y	
DARLINGTON COUNTY COUNCIL	Y	Y
DARLINGTON COUNTY COUNCIL ON AGING	Y	
DARLINGTON COURT LIBRARY COMM	Y	
DAUFUSKIE ISLAND FIRE DISTRICT		Y
DILLON COUNTY COUNCIL	Y	Y
DILLON SOIL & WATER CONSERVATION DIST	Y	
DONALDS-DUE WEST WATER & SEWER AUTHORITY	Y	
DONALDSON FIRE SERVICE AREA	Y	
DORCHESTER CO BD OF DIS & SPECIAL NEEDS	Y	
DORCHESTER CO COMM ON ALCOHOL&DRUG ABUSE	Y	
DORCHESTER COUNTY LIBRARY	Y	
DORCHESTER COUNTY WATER AUTHORITY	Y	
DORCHESTER SENIORS, INC	Y	
DUNCAN CHAPEL FIRE DISTRICT	Y	
EASLEY CENTRAL WATER DISTRICT	Y	
EAST RICHLAND CO PUBLIC SERVICE DIST	Y	
EDGEFIELD COUNTY COUNCIL	Y	Y
EDGEFIELD COUNTY WATER & SEWER AUTHORITY	Y	
ELLOREE COMMISSION OF PUBLIC WORKS	Y	
FAIRFIELD CO DISAB & SPECIAL NEEDS BD	Y	
FAIRFIELD CO SUBSTANCE ABUSE COMMISSION	Y	
FAIRFIELD COUNTY COUNCIL	Y	Y
FAIRFIELD COUNTY COUNCIL ON AGING	Y	
FAIRFIELD COUNTY LIBRARY	Y	
FAIRFIELD MEMORIAL HOSPITAL	Y	
FLINT HILL FIRE DISTRICT		Y
FLORENCE CO COMM ON ALCOHOL & DRUG ABUSE	Y	
FLORENCE CO DISABILITIES & SPEC NEEDS BD	Y	
FLORENCE COUNTY COUNCIL	Y	Y
FLORENCE REGIONAL AIRPORT	Y	Y
FRIPP ISLAND PUBLIC SERVICE DISTRICT	Y	Y
GAFFNEY BOARD OF PUBLIC WORKS	Y	
GANTT FIRE SEWER AND POLICE DISTRICT	Y	Y
GASTON RURAL COMMUNITY WATER DISTRICT	Y	
GATEWAY COUNSELING CENTER	Y	
GENERATIONS UNLIMITED	Y	
GEORGETOWN CO ALCOHOL & DRUG ABUSE COMM	Y	
GEORGETOWN CO DISAB & SPECIAL NEED BD	Y	
GEORGETOWN COUNTY COUNCIL	Y	Y
GEORGETOWN COUNTY WATER AND SEWER DIST	Y	
GEORGETOWN SOIL & WATER CONSERVATION DIS	Y	
GILBERT-SUMMIT RURAL WATER DISTRICT	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
GLASSY MOUNTAIN FIRE SERVICE AREA	Y	Y
GLEAMNS HUMAN RESOURCES COMMISSION	Y	
GLENDALE FIRE DISTRICT	Y	
GLENN SPRINGS-PAULINE FIRE DEPT		Y
GRAND STRAND WATER & SEWER AUTHORITY	Y	
GRASSY POND WATER CO.INC.	Y	
GREATER GREENVILLE SANITATION COMM	Y	
GREENVILLE AIRPORT COMMISSION	Y	
GREENVILLE AREA DEVELOPMENT CORPORATION	Y	
GREENVILLE CO COM ON ALCOHOL-DRUG ABUSE	Y	
GREENVILLE CO DISAB & SPECIAL NEEDS BD	Y	Y
GREENVILLE CO MUSEUM COMMISSION	Y	
GREENVILLE COMM OF PUBLIC WORKS	Y	
GREENVILLE COUNTY COUNCIL	Y	Y
GREENVILLE COUNTY LIBRARY	Y	Y
GREENVILLE REDEVELOPMENT AUTHORITY	Y	
GREENVILLE-SPARTANBURG AIRPORT DISTRICT	Y	Y
GREENWOOD CO COUNCIL-ADM & FIN OFFICE	Y	Y
GREENWOOD COMM OF PUBLIC WORKS	Y	
GREENWOOD METROPOLITAN DISTRICT COMM	Y	
GREENWOOD SOIL & WATER CONSERVATON DIST	Y	
GREER COMMISSION OF PUBLIC WORKS	Y	Y
GREER DEVELOPMENT CORP	Y	
HAMPTON CO DISABILITIES & SPEC NEEDS BD	Y	
HARTSVILLE COMMUNITY CENTER BLDG COMM	Y	
HARVIN CLARENDON COUNTY LIBRARY	Y	
HAZEL PITTMAN CENTER	Y	
HIGH HILLS RURAL WATER CO., INC.	Y	
HILLTOP FIRE DISTRICT	Y	Y
HILTON HEAD NO 1 PUBLIC SERVICE DISTRICT	Y	
HOLLY SPRINGS VOLUNTEER FIRE DISTRICT		Y
HOMELAND PARK WATER DISTRICT	Y	
HORRY CO COUNCIL	Y	Y
HORRY CO DISABILITIES & SPECIAL NEEDS BD	Y	
HORRY COUNTY SOLID WASTE AUTHORITY, INC	Y	Y
HORRY SOIL CONSERVATION DISTRICT	Y	
HOUSING AUTH OF THE CITY OF CHARLESTON	Y	Y
HOUSING AUTH OF THE CITY OF EASLEY	Y	
HOUSING AUTH OF THE CITY OF GREENWOOD	Y	
HOUSING AUTH OF THE CITY OF MYRTLE BEACH	Y	
HOUSING AUTH OF THE CITY OF NO CHAS	Y	
HOUSING AUTHORITY OF CITY OF NEWBERRY	Y	
HOUSING AUTHORITY OF CITY OF UNION	Y	Y
HOUSING AUTHORITY OF DARLINGTON	Y	
HOUSING AUTHORITY OF FLORENCE	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
HOUSING AUTHORITY OF FORT MILL	Y	
HOUSING AUTHORITY OF LANCASTER	Y	
HOUSING AUTHORITY OF THE CITY OF AIKEN	Y	
HOUSING AUTHORITY OF THE CITY OF CHESTER	Y	
HOUSING AUTHORITY OF THE CITY OF CONWAY	Y	
HOUSING AUTHORITY OF THE CITY OF GAFFNEY	Y	
HOUSING AUTHORITY OF TOWN OF WOODRUFF	Y	
HOUSING AUTY OF CITY OF SUMTER	Y	
HOWE SPRINGS FIRE DISTRICT		Y
INMAN COMMUNITY FIRE DEPARTMENT		Y
INMAN-CAMPOBELLO WATER DISTRICT	Y	Y
IRMO CHAPIN RECREATION DISTRICT	Y	Y
IRMO FIRE DISTRICT	Y	Y
ISLE OF PALMS WATER & SEWER COMMISSION	Y	
JAMES ISLAND PUBLIC SERVICE DIST COMM	Y	Y
JASPER CO BD OF DIS & SPECIAL NEEDS	Y	
JASPER COUNTY COUNCIL	Y	Y
JOHNSONVILLE RURAL FIRE DISTRICT		Y
JOINT MUNICIPAL WATER & SEWER COMMISSION	Y	
KEOWEE FIRE TAX DISTRICT		Y
KERSHAW CO BD DOF DIS & SPECIAL NEEDS	Y	
KERSHAW CO COMM ON ALCOHOL & DRUG ABUSE	Y	
KERSHAW COUNTY COUNCIL	Y	Y
KINGSTREE HOUSING AUTHORITY	Y	
LADYS ISLAND - ST HELENA FIRE DISTRICT	Y	Y
LAKE CITY HOUSING AUTHORITY	Y	
LAKE CUNNINGHAM FIRE DISTRICT	Y	Y
LANCASTER CO COMM ON ALCOHOL&DRUG ABUSE	Y	
LANCASTER CO WATER & SEWER DISTRICT	Y	
LANCASTER COUNTY COUNCIL	Y	Y
LANCASTER COUNTY COUNCIL ON AGING	Y	
LANCASTER COUNTY LIBRARY	Y	
LANCASTER COUNTY NATURAL GAS AUTHORITY	Y	
LANCASTER SOIL & WATER CONSERVATION DIST	Y	
LAURENS CO DISABILITIES & SPEC NEEDS BD	Y	
LAURENS COMMISSIONERS OF PUBLIC WORKS	Y	
LAURENS COUNTY WATER & SEWER COMMISSION	Y	
LEE CO DISABILITIES & SPECIAL NEEDS BD	Y	
LEE COUNTY COUNCIL	Y	Y
LEXINGTON MEDICAL CENTER	Y	Y
LEX-RICH ALCOHOL & DRUG ABUSE COUNCIL	Y	Y
LIBERTY-CHESNEE-FINGERVILLE WATER DIST	Y	
LITTLE RIVER WATER & SEWER CO., INC	Y	
LOWCOUNTRY COUNCIL OF GOVERNMENTS	Y	
LOWCOUNTRY REGIONAL EMS COUNCIL	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
LOWCOUNTRY REGIONAL TRANSPORTATION AUTH	Y	
LOWCOUNTRY REGIONAL WATER SYSTEM	Y	
LOWER SAVANNAH COUNCIL OF GOVERNMENTS	Y	
LUGOFF FIRE DISTRICT		Y
LUGOFF WATER DISTRICT OF KERSHAW COUNTY	Y	
MARCO RURAL WATER CO., INC.	Y	
MARION CO COM ON ALCOHOL & DRUG ABUSE	Y	
MARION COUNTY COUNCIL	Y	Y
MARION COUNTY LIBRARY	Y	
MARION-DILLON CO DISAB & SPEC NEEDS BD	Y	
MARLBORO CO DISABILITIES & SPEC NEEDS BD	Y	
MARLBORO WATER COMPANY	Y	
MCCORMICK COMM OF PUBLIC WORKS	Y	
MCCORMICK COUNTY COUNCIL ON AGING	Y	
MCCORMICK COUNTY WATER & SEWER AUTHORITY	Y	
METROPOLITAN SEWER SUB-DISTRICT	Y	
METROPOLITAN SUBDISTRICT B WATER & SEWER	Y	
MID COUNTY WATER COMPANY, INC	Y	
MONCKS CORNER WATER WORKS COMMISSION	Y	
MT PLEASANT WATER & SEWER COMM	Y	
MUNICIPAL ASSOCIATION OF SOUTH CAROLINA	Y	
MURRELLS INLET-GARDEN CITY FIRE DIST	Y	Y
N SPARTANBURG AREA FIRE & RESCUE DIST	Y	Y
NEW ELLENTON COMM OF PUBLIC WORKS	Y	
NEW LIFE CENTER	Y	
NEWBERRY CO DISABILITIES & SP ND BD	Y	
NEWBERRY CO WATER AND SEWER AUTHORITY	Y	
NEWBERRY COUNTY LIBRARY	Y	
NORTH CHARLESTON SEWER DISTRICT	Y	Y
NORTH GREENVILLE FIRE DISTRICT	Y	
OCONEE COUNTY	Y	Y
OCONEE DISABILITIES & SPEC NEEDS BD	Y	
OCONEE JOINT REGIONAL SEWER AUTHORITY	Y	
OLANTA RURAL FIRE DEPARTMENT		Y
OLD FORT FIRE DISTRICT	Y	Y
OLD NINETY SIX TOURISM COMMISSION	Y	
OLD TOWN FIRE AND RESCUE DEPARTMENT	Y	
OLDE ENGLISH DISTRICT TOURISM COMMISSION	Y	
ORANGEBURG CO DISAB & SPECIAL NEEDS BD	Y	Y
ORANGEBURG COUNTY COUNCIL	Y	Y
ORANGEBURG DEPT OF PUBLIC UTILITIES	Y	Y
PALMETTO STATE TEACHERS ASSOCIATION	Y	
PARKER SEWER & FIRE SUBDISTRICT	Y	
PEACHTREE CENTER D/B/A-CHEROKEE LTC	Y	
PEE DEE REGIONAL COUNCIL OF GOVERNMENTS	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
PEE DEE REGIONAL EMS, INC	Y	
PEE DEE REGIONAL TRANSPORTATION AUTH	Y	
PELHAM BATESVILLE FIRE DEPARTMENT	Y	Y
PENDLETON DIS HISTORICAL & REC COMM	Y	
PICKENS CO COMM ON ALCOHOL & DRUG ABUSE	Y	
PICKENS CO DISABILITIES & SPEC NEEDS BD	Y	
PIEDMONT PARK FIRE DISTRICT	Y	Y
PIEDMONT PUBLIC SERVICE DISTRICT		Y
PINE RIDGE FIRE DEPARTMENT		Y
PIONEER RURAL WATER DISTRICT	Y	
POPLAR SPRINGS FIRE DEPARTMENT		Y
POWDERSVILLE WATER DISTRICT	Y	
REC DIST & REC COMM OF RICHLAND COUNTY	Y	Y
RECREATION DIST LEXINGTON CO	Y	Y
REIDVILLE FIRE DISTRICT		Y
RENEWABLE WATER RESOURCES(RE-WA)	Y	
RICH/LEX CO DISAB & SPECIAL NEEDS BD	Y	
RICHLAND COUNTY PUBLIC LIBRARY	Y	Y
RICHLAND LEXINGTON AIRPORT DISTRICT	Y	Y
RICHLAND MEMORIAL/PALMETTO HEALTH	Y	
RIVERBANKS PARK COMMISSION	Y	
ROEBUCK FIRE DEPARTMENT		Y
RUBICON	Y	
RURAL COMM WATER DIST OF GEORGETOWN CO	Y	
S C EDUCATION ASSN	Y	
S C HIGH SCHOOL LEAGUE	Y	
S C STATE EMPLOYEES' ASSOCIATION	Y	
SALUDA CO COM ON ALCOHOL & DRUG ABUSE	Y	
SALUDA COMMISSION OF PUBLIC WORKS	Y	
SALUDA COUNTY COUNCIL	Y	Y
SALUDA COUNTY WATER & SEWER AUTHORITY	Y	
SANDY SPRINGS WATER COMPANY	Y	
SANTEE COOPER COUNTIES PROMOTION COMM	Y	
SANTEE FIRE SERVICE DISTRICT	Y	Y
SANTEE-LYNCHES COUNCIL FOR GOVERNMENTS	Y	
SANTEE-WATEREE REG TRANSPORTATION AUTH	Y	Y
SC APPALACHIAN COUNCIL OF GOVERNMENTS	Y	
SC ASSOCIATION OF COUNTIES	Y	
SC ASSOCIATION OF SCHOOL ADMINISTRATORS	Y	
SC ASSOCIATION OF SCHOOL BOARDS	Y	
SC ATHLETIC COACHES ASSOCIATION	Y	
SC LAW ENFORCEMENT OFFICERS ASSOCIATION	Y	
SC MIDLANDS EMER MED SER MGM ASSOC	Y	
SC STATE CREDIT UNION	Y	
SC STATE FIREMENS ASSOCIATION	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
SENIOR SERVICES INC OF CHESTER COUNTY	Y	
SHELDON FIRE DISTRICT	Y	Y
SHORELINE BEHAVIORAL HEALTH SERVICES	Y	
SIX MILE RURAL WATER DISTRICT	Y	
SLATER-MARIETTA FIRE DEPT		Y
SOUTH CAROLINA SHERIFFS' ASSOCIATION	Y	Y
SOUTH CAROLINA TECHNOLOGY & AVIATION CTR	Y	
SOUTH GREENVILLE AREA FIRE DISTRICT	Y	Y
SOUTH ISLAND PUBLIC SERVICE DISTRICT	Y	
SOUTH LYNCHES FIRE DEPARTMENT		Y
SOUTHSIDE RURAL COMMUNITY WATER DIST	Y	
SPARTANBURG COMRS OF PUBLIC WORK	Y	
SPARTANBURG COUNTY COUNCIL	Y	Y
SPARTANBURG PUBLIC LIBRARY	Y	Y
SPARTANBURG REGIONAL MEDICAL CENTER	Y	Y
SPARTANBURG SANITARY SEWER DIST	Y	
ST ANDREWS PARISH PARKS & PLAYGROUNDS	Y	
ST ANDREWS PUBLIC SERVICE DIST COMM	Y	
ST GEORGE WATER AND SEWER DEPARTMENT	Y	
ST JOHNS FIRE DISTRICT	Y	Y
ST PAULS FIRE DISTRICT	Y	Y
STARR-IVA WATER COMPANY	Y	
STARTEX JACKSON WELLFD DUNCAN WATER DIST	Y	
SUMTER CO COM ON ALCOHOL & DRUG ABUSE	Y	
SUMTER CO DISABILITIES & SPEC NEEDS BD	Y	Y
SUMTER CONSERVATION DISTRICT	Y	
SUMTER COUNTY COUNCIL	Y	Y
SUMTER COUNTY LIBRARY	Y	
TAYLORS FIRE AND SEWER DISTRICT	Y	Y
THE ERNEST E KENNEDY CENTER	Y	
THE PEE DEE TOURISM COMMISSION	Y	
THE RIVER ALLIANCE	Y	
THREE RIVERS SOLID WASTE AUTHORITY	Y	
TIGERVILLE FIRE DEPARTMENT		Y
TOWN OF ALLENDALE	Y	Y
TOWN OF ANDREWS	Y	Y
TOWN OF ATLANTIC BEACH	Y	
TOWN OF AYNOR	Y	Y
TOWN OF BATESBURG-LEESVILLE	Y	Y
TOWN OF BETHUNE	Y	Y
TOWN OF BISHOPVILLE	Y	Y
TOWN OF BLACKSBURG	Y	Y
TOWN OF BLACKVILLE	Y	
TOWN OF BLUFFTON	Y	Y
TOWN OF BLYTHEWOOD	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF BONNEAU		Y
TOWN OF BOWMAN	Y	Y
TOWN OF BRANCHVILLE		Y
TOWN OF BRIARCLIFFE ACRES	Y	Y
TOWN OF BRUNSON	Y	
TOWN OF BURNETTOWN	Y	Y
TOWN OF CALHOUN FALLS	Y	Y
TOWN OF CAMERON	Y	Y
TOWN OF CAMPOBELLO		Y
TOWN OF CARLISLE	Y	
TOWN OF CENTRAL	Y	Y
TOWN OF CHAPIN	Y	Y
TOWN OF CHERAW	Y	Y
TOWN OF CHESNEE	Y	Y
TOWN OF CHESTERFIELD	Y	Y
TOWN OF CLOVER	Y	Y
TOWN OF CORDOVA	Y	
TOWN OF COTTAGEVILLE	Y	Y
TOWN OF COWARD	Y	Y
TOWN OF COWPENS	Y	Y
TOWN OF DUE WEST	Y	Y
TOWN OF DUNCAN	Y	Y
TOWN OF EASTOVER	Y	
TOWN OF EDGEFIELD	Y	Y
TOWN OF EDISTO BEACH	Y	Y
TOWN OF EHRHARDT	Y	Y
TOWN OF ELGIN	Y	Y
TOWN OF ELKO	Y	
TOWN OF ELLOREE	Y	Y
TOWN OF ESTILL	Y	Y
TOWN OF EUTAWVILLE	Y	Y
TOWN OF FAIRFAX	Y	Y
TOWN OF FORT LAWN	Y	Y
TOWN OF FORT MILL	Y	Y
TOWN OF GASTON	Y	Y
TOWN OF GILBERT	Y	
TOWN OF GRAY COURT	Y	
TOWN OF GREAT FALLS	Y	Y
TOWN OF GREELEYVILLE	Y	Y
TOWN OF HAMPTON	Y	Y
TOWN OF HARLEYVILLE	Y	Y
TOWN OF HEATH SPRINGS	Y	
TOWN OF HEMINGWAY	Y	Y
TOWN OF HILTON HEAD ISLAND		Y
TOWN OF HOLLY HILL	Y	Y

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF HOLLYWOOD	Y	
TOWN OF HONEA PATH	Y	Y
TOWN OF IRMO	Y	Y
TOWN OF IVA	Y	Y
TOWN OF JACKSON	Y	Y
TOWN OF JAMES ISLAND	Y	
TOWN OF JAMESTOWN	Y	Y
TOWN OF JEFFERSON	Y	
TOWN OF JOHNSTON	Y	Y
TOWN OF JONESVILLE	Y	Y
TOWN OF KERSHAW	Y	
TOWN OF KIAWAH ISLAND	Y	Y
TOWN OF KINGSTREE	Y	Y
TOWN OF LAKE VIEW	Y	Y
TOWN OF LAMAR		Y
TOWN OF LANDRUM	Y	Y
TOWN OF LANE	Y	Y
TOWN OF LATTA	Y	Y
TOWN OF LEXINGTON	Y	Y
TOWN OF LINCOLNVILLE	Y	
TOWN OF LITTLE MOUNTAIN	Y	
TOWN OF LIVINGSTON	Y	
TOWN OF LYMAN	Y	Y
TOWN OF MAYESVILLE	Y	Y
TOWN OF MCBEE	Y	Y
TOWN OF MCCLELLANVILLE	Y	
TOWN OF MCCOLL	Y	Y
TOWN OF MCCORMICK	Y	Y
TOWN OF MEGGETT	Y	
TOWN OF MONCK'S CORNER	Y	Y
TOWN OF MONETTA	Y	
TOWN OF MT PLEASANT	Y	Y
TOWN OF MT. CROGHAN	Y	
TOWN OF NICHOLS	Y	Y
TOWN OF NINETY-SIX	Y	Y
TOWN OF NORRIS	Y	
TOWN OF NORTH	Y	Y
TOWN OF NORWAY	Y	Y
TOWN OF OLANTA	Y	Y
TOWN OF OLAR	Y	Y
TOWN OF PACOLET	Y	Y
TOWN OF PAGELAND	Y	Y
TOWN OF PAMPLICO	Y	Y
TOWN OF PARKSVILLE	Y	
TOWN OF PATRICK	Y	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF PELION	Y	Y
TOWN OF PELZER	Y	
TOWN OF PENDLETON	Y	
TOWN OF PERRY	Y	Y
TOWN OF PINE RIDGE	Y	Y
TOWN OF POMARIA	Y	
TOWN OF PORT ROYAL	Y	Y
TOWN OF PROSPERITY	Y	Y
TOWN OF QUINBY	Y	Y
TOWN OF RAVENEL	Y	
TOWN OF REEVESVILLE	Y	
TOWN OF RIDGE SPRING	Y	Y
TOWN OF RIDGELAND	Y	Y
TOWN OF RIDGEVILLE	Y	Y
TOWN OF RIDGEWAY	Y	Y
TOWN OF SALLEY	Y	Y
TOWN OF SALUDA	Y	Y
TOWN OF SANTEE	Y	Y
TOWN OF SCRANTON	Y	Y
TOWN OF SEABROOK ISLAND	Y	
TOWN OF SIX MILE	Y	
TOWN OF SNELLING	Y	
TOWN OF SOCIETY HILL	Y	Y
TOWN OF SOUTH CONGAREE	Y	Y
TOWN OF SPRINGDALE	Y	Y
TOWN OF SPRINGFIELD	Y	Y
TOWN OF ST GEORGE	Y	Y
TOWN OF ST MATTHEWS	Y	Y
TOWN OF ST STEPHEN	Y	Y
TOWN OF SULLIVANS ISLAND	Y	Y
TOWN OF SUMMERTON	Y	Y
TOWN OF SUMMERVILLE	Y	Y
TOWN OF SURFSIDE BEACH	Y	Y
TOWN OF SWANSEA	Y	Y
TOWN OF TIMMONSVILLE	Y	Y
TOWN OF TRENTON	Y	Y
TOWN OF TURBEVILLE	Y	Y
TOWN OF VARNVILLE	Y	Y
TOWN OF WAGENER	Y	Y
TOWN OF WARE SHOALS	Y	Y
TOWN OF WELLFORD	Y	Y
TOWN OF WEST PELZER	Y	Y
TOWN OF WEST UNION	Y	Y
TOWN OF WESTMINSTER	Y	Y
TOWN OF WHITMIRE	Y	Y

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
TOWN OF WILLIAMSTON	Y	Y
TOWN OF WILLISTON	Y	Y
TOWN OF WINNSBORO	Y	Y
TOWN OF YEMASSEE	Y	Y
TRI-COUNTY COMM ON ALCOHOL & DRUG ABUSE	Y	
TYGER RIVER FIRE DISTRICT		Y
TYGER RIVER FIRE SERVICE AREA	Y	
UNA FIRE DEPARTMENT		Y
UNION CO DISABILITIES & SPECIAL NEEDS BD	Y	
UNION COUNTY CARNEGIE LIBRARY	Y	
UNION COUNTY COUNCIL OF AGING	Y	
UNION COUNTY DEVELOPMENT BOARD	Y	
UNION COUNTY SUPERVISOR	Y	Y
UPPER SAVANNAH COUNCIL OF GOVERNMENTS	Y	
VALLEY PUBLIC SERVICE AUTHORITY	Y	
WACCAMAW ECONOMIC OPPORTUNITY COUNCIL	Y	
WACCAMAW REGIONAL COUNCIL OF GOVERNMENTS	Y	
WACCAMAW REGIONAL TRANSPORTATION AUTH	Y	Y
WADE HAMPTON FIRE & SEWER DISTRICT	Y	Y
WEST FLORENCE RURAL VOLUNTEER FIRE DIST		Y
WESTMINSTER COMM OF PUBLIC WORKS	Y	
WESTVIEW BEHAVIORAL HEALTH SERVICES	Y	
WESTVIEW-FAIRFOREST FIRE DEPARTMENT	Y	Y
WHITESVILLE RURAL VOL FIRE DEPT		Y
WHITMIRE COMM OF PUBLIC WORKS	Y	
WHITNEY AREA FIRE DEPT		Y
WILLIAMSBURG CO DISAB & SPECIAL NEEDS BD	Y	
WILLIAMSBURG COUNTY COUNCIL	Y	Y
WILLIAMSBURG COUNTY LIBRARY	Y	Y
WINDY HILL VOLUNTEER FIRE COMPANY		Y
WOODRUFF ROEBUCK WATER DISTRICT	Y	
YORK CO COVENTION & VISITORS BUREAU	Y	
YORK CO DISABILITIES & SPECIAL NEEDS BD	Y	
YORK COUNTY	Y	Y
YORK COUNTY COUNCIL ON AGING	Y	Y
YORK COUNTY LIBRARY	Y	
YORK SOIL & WATER CONSERVATION DIST	Y	

Note: This list includes employers who submitted contributions during the quarter ending June 30, 2014, for active members and working retirees.

This page contains no other content.



South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

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