



South Carolina's Pension System

"The pothole you can't see"



By deliberately under-funding the pension plan, the General Assembly has created a “hidden tax”, in the form of debt, that is refinanced at 7.5% every year for 30 years.

This allows the state’s leaders to spend money it doesn’t have while claiming they are not increasing taxes.



LOOMING UNFUNDED LIABILITY

The system's unfunded liability has exploded and continues to grow

South Carolina's pension unfunded liability has **GROWN BY 6,000%** since 1999 and will continue to increase.

\$18.8 BILLION

\$308 thousand

1999

2015



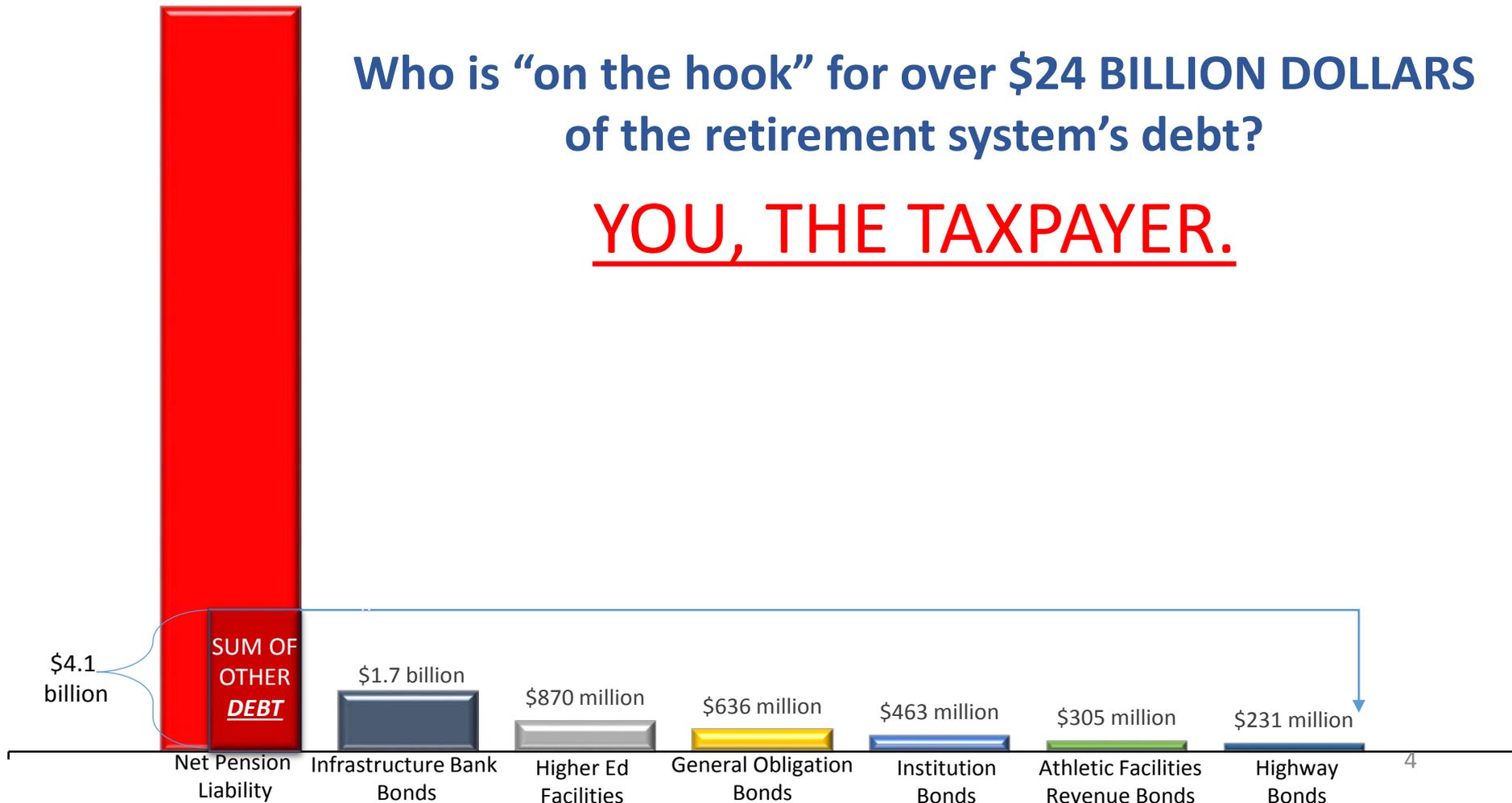
PENSION DEBT VS. OTHER DEBT

Staggering difference between the state's pension debt and other forms of state debt

\$24.1 BILLION

Who is “on the hook” for over \$24 BILLION DOLLARS of the retirement system’s debt?

YOU, THE TAXPAYER.





PENSION LIABILITY PER CAPITA

South Carolina's pension debt per person has ballooned over the past 15 years

Pension liability per South Carolinian has **INCREASED OVER 540%** and is growing at an alarming rate.

\$3,421



\$572



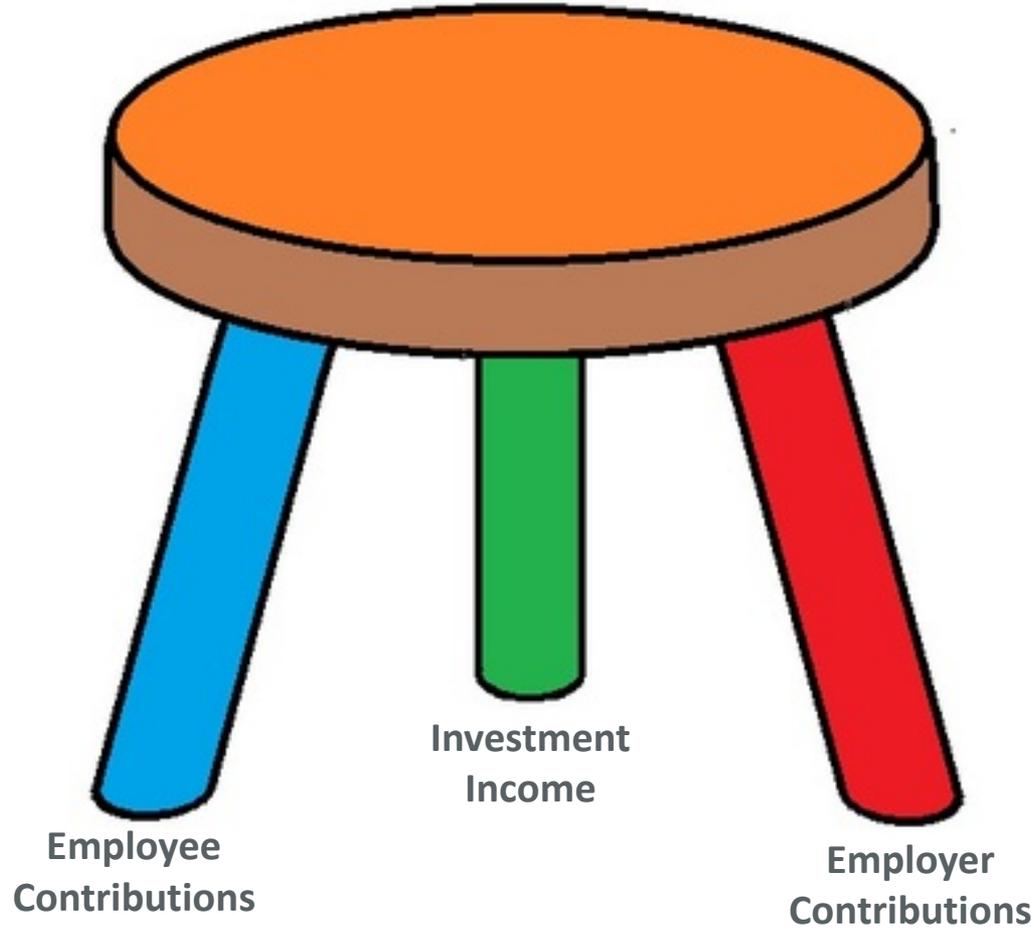
2000

2015

5



THE “THREE-LEGGED STOOL” OF THE STATE PENSION PLAN





INVESTMENTS



“I really think our record **should be judged based on what’s happened since February of 2006** when the enabling legislation was passed. From that point forward, we took over and started making our own decisions.”

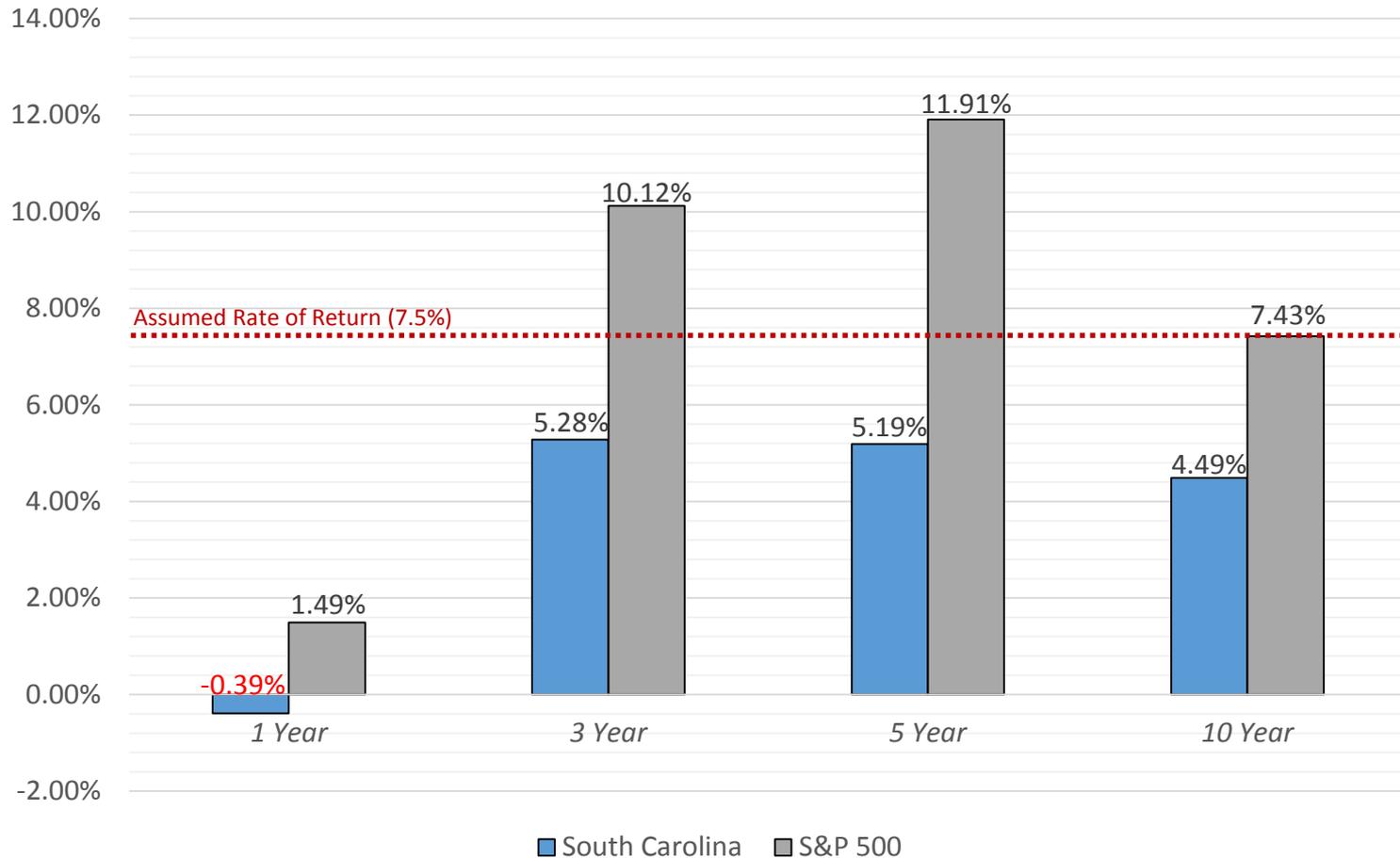
- RSIC Chairman Reynolds Williams, Senate Finance Retirement Subcommittee; January 31, 2012



LAGGARD PENSION FUND RETURNS

SC's investments continue to underperform - while the S&P 500 surpasses the assumed return

RSIC vs S&P 500 vs Assumed



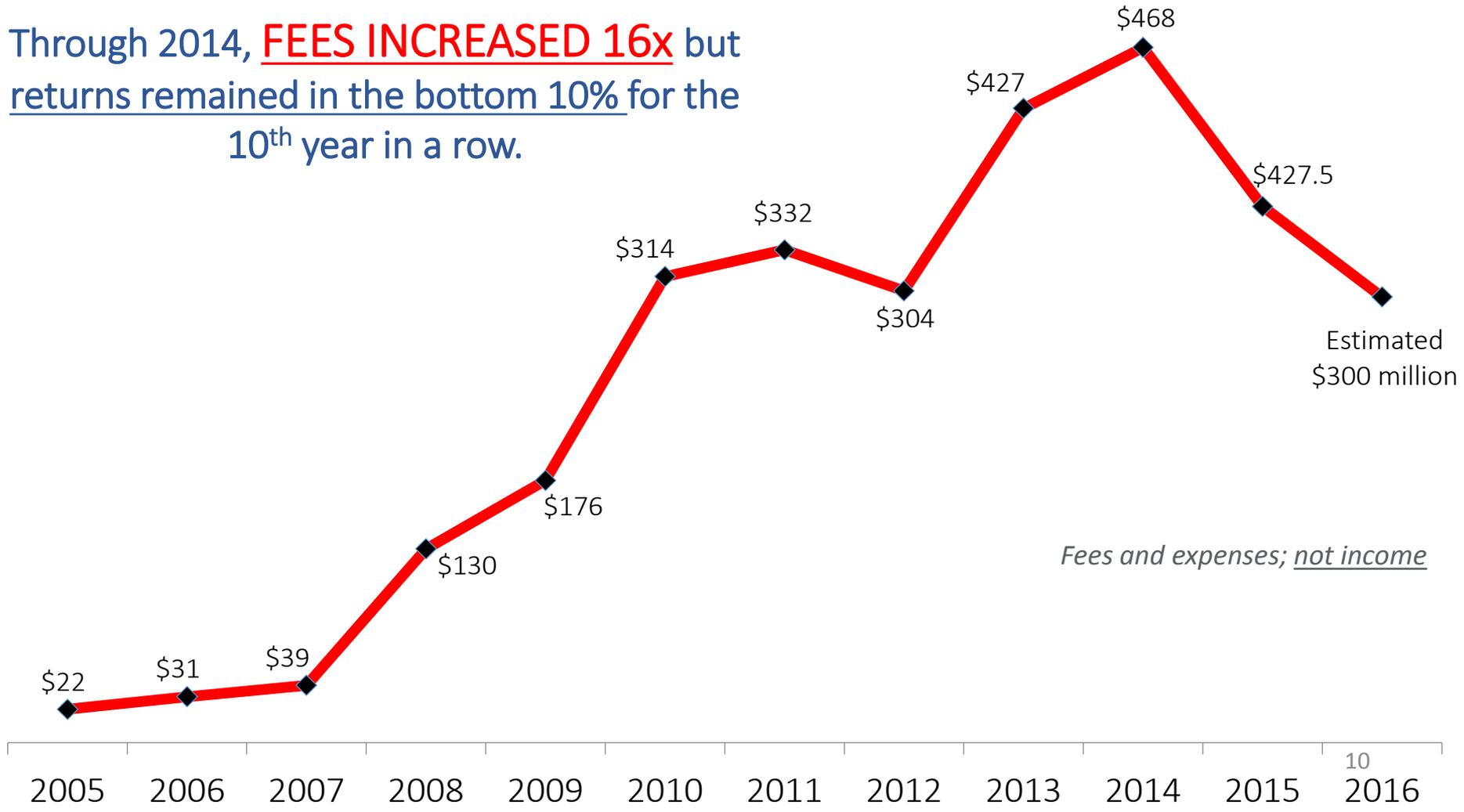
South Carolina's pension investments have **significantly** underperformed the markets by at least **\$7 BILLION DOLLARS**



PENSION FEES & EXPENSES

(NOT INCOME)

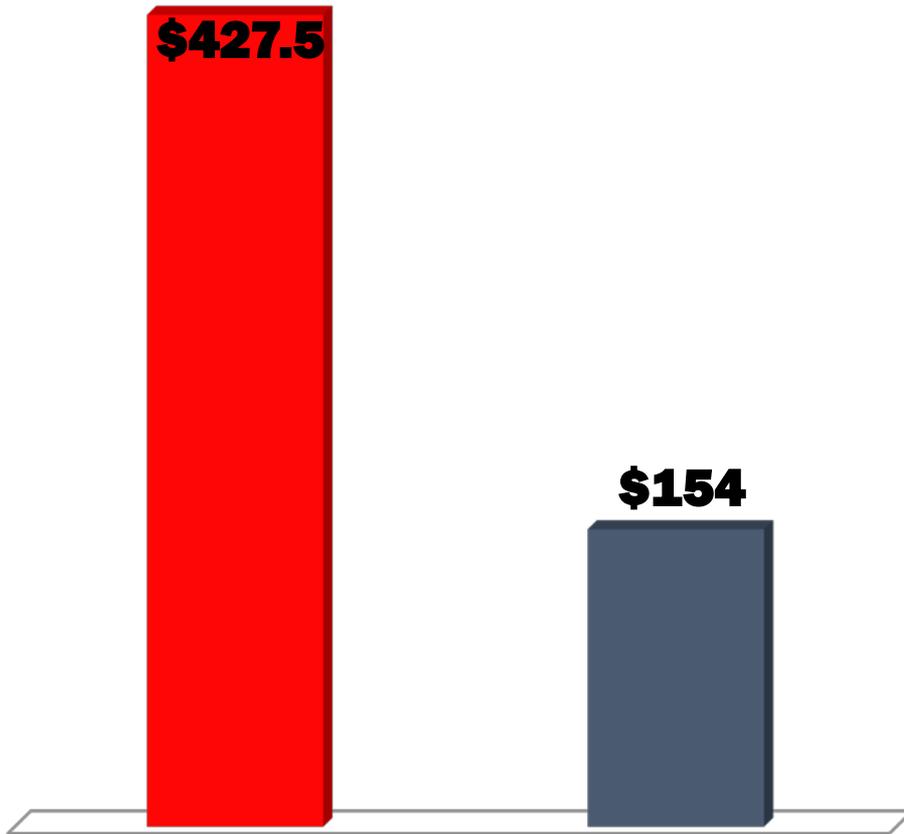
Through 2014, **FEES INCREASED 16x** but returns remained in the bottom 10% for the 10th year in a row.





TRANSFER OF WEALTH

SC's WORKING CLASS TO WEALTHY MONEY MANAGERS



Actual SC Fees
for FY2013

SC Fees at the
National Average

\$427.5 million paid in 2013
minus

\$154 million had we paid
national average of .57%
equals

\$273,500,000

**TRANSFER OF
WEALTH TO WALL
STREET MONEY
MANAGERS**





THE SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION

1. We pay too much
2. We earn too little
3. Our portfolio is overly expensive and complex
4. We put Retirees, State Employees, and Taxpayers at risk

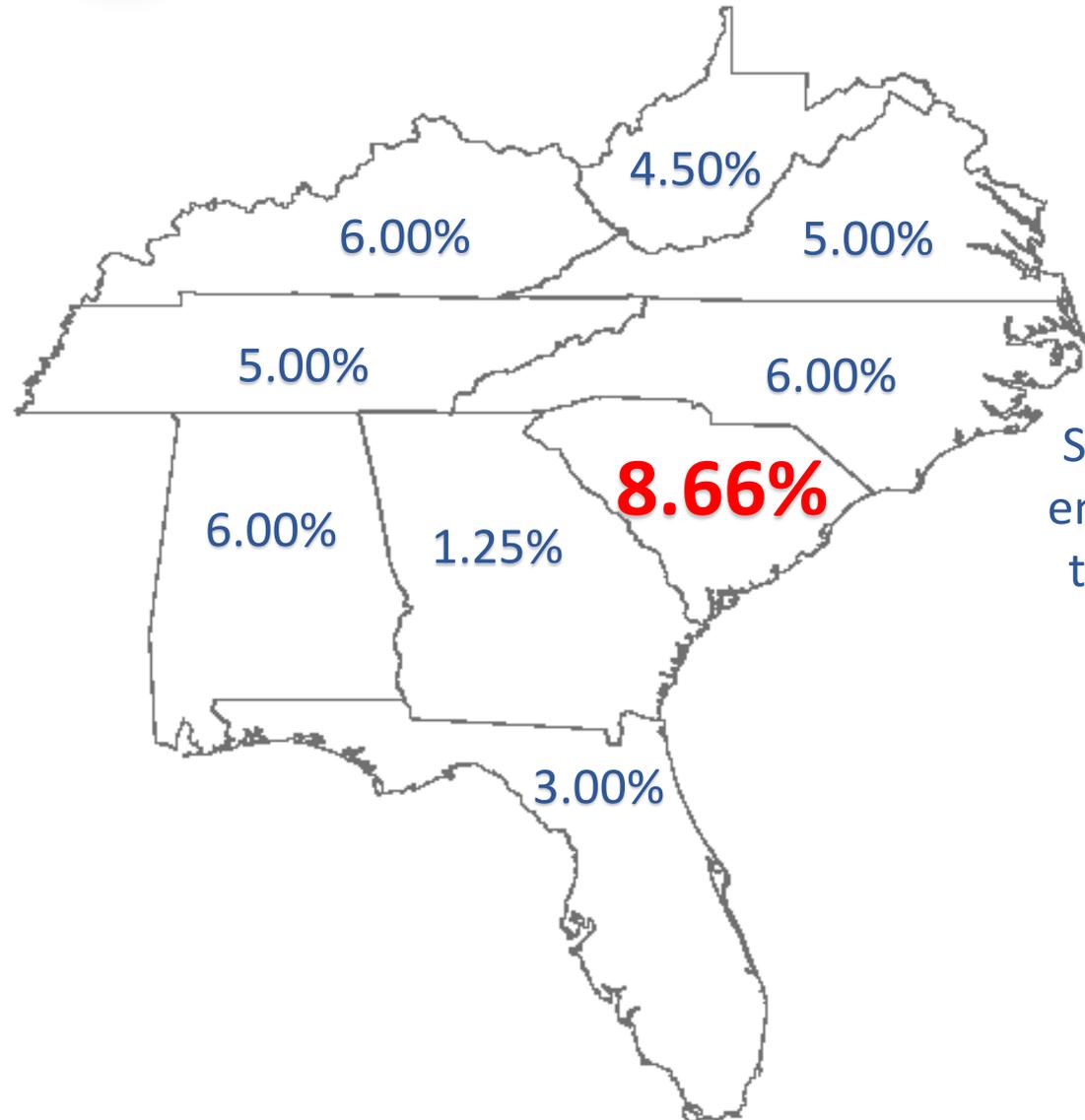


EMPLOYER & EMPLOYEE CONTRIBUTIONS



SC STATE EMPLOYEES PAY THE MOST

South Carolina state employees already pay significantly more for their pensions



South Carolina's hardworking state employees pay **over 88% more** than the average state in the Southeast



PLANNED RATE INCREASES

Employee rates have already been assumed to reach 10% in the next 6 years

Contribution Rate

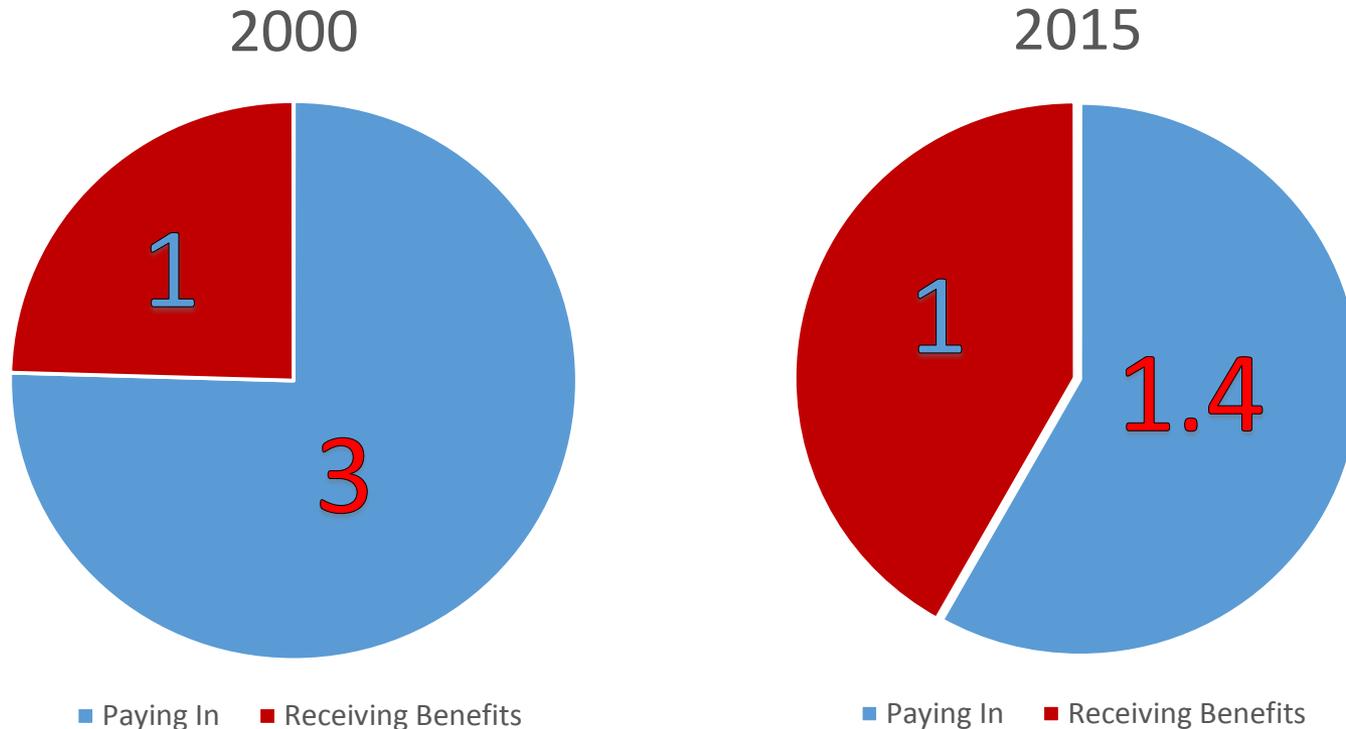
July 1	Employer	Member
2016	11.56%	8.66%
2017	11.56%	8.66%
2018	12.04%	9.14%
2019	12.30%	9.40%
2020	12.53%	9.63%
2021	12.73%	9.83%
2022	12.87%	9.97%

By year 2022, state employees are scheduled to be paying 10% towards retirement



FEWER PAYING INTO SYSTEM

More people drawing from the system than ever before



There are 70,000 MORE RETIREES DRAWING MONEY from the system, with 9,000 FEWER MEMBERS PAYING in!