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CHAPTER 16.

RETIREMENT SYSTEM FUNDS

ARTICLE 1.

DUTIES OF THE TRUSTEE, FIDUCIARIES, AGENTS

**SECTION 9‑16‑10.** Definitions.

As used in this chapter, unless a different meaning is plainly required by the context:

(1) “Assets” means all funds, investments, and similar property of the retirement system.

(2) “Beneficiary” means a person, other than the participant, who is designated by a participant or by a retirement program to receive a benefit under the program.

(3) “Board” means the State Budget and Control Board acting as trustee of the retirement system.

(3.5) “Commission” means the Retirement System Investment Commission.

(4) “Fiduciary” means a person who:

(a) exercises any authority to invest or manage assets of a system;

(b) provides investment advice for a fee or other direct or indirect compensation with respect to assets of a system or has any authority or responsibility to do so;

(c) is a member of the commission; or

(d) is the commission’s chief investment officer.

(5) “Participant” means an individual who is or has been an employee enrolled in a retirement program and who is or may become eligible to receive or is currently receiving a benefit under the program. The term does not include an individual who is no longer an employee of an employer as defined by laws governing the retirement system and who has withdrawn his contributions from the retirement system.

(6) [Reserved]

(7) “Retirement program” means a program of rights and obligations which a retirement system establishes or maintains and which, by its express terms or as a result of surrounding circumstances:

(a) provides retirement benefits to qualifying employees and beneficiaries; or

(b) results in a deferral of income by employees for periods extending to the termination of covered employment or beyond.

(8) “Retirement system” means the South Carolina Retirement System, Retirement System for Judges and Solicitors, Retirement System for Members of the General Assembly, National Guard Retirement System, and Police Officers Retirement System established pursuant to Chapters 1, 8, 9, 10 and 11 of this title.

(9) “Trustee” means the State Budget and Control Board.

**SECTION 9‑16‑20.** Investment and management authority of commission; holding assets in group trust under Section 401(a)(24) of the Internal Revenue Code.

(A) All assets of a retirement system are held in trust. The commission has the exclusive authority, subject to this chapter and Section 9‑1‑1310, to invest and manage those assets.

(B) If the retirement system invests in a security issued by an investment company registered under the Investment Company Act of 1940 (15 U.S.C. Section 80a‑1, et seq.), the assets of the system include the security, but not assets of the investment company.

(C) The board shall hold the assets of the retirement systems in a group trust under Section 401(a)(24) of the Internal Revenue Code that meets the requirements of Revenue Ruling 81‑100, 1981‑1 C.B. 326, as amended by Revenue Ruling 2004‑67. Any group trust shall be operated or maintained exclusively for the commingling and collective investment of funds from other trusts that it holds. The board shall be permitted to hold in this group trust funds that consist exclusively of trust assets held under plans qualified under Internal Revenue Code Section 401(a), individual retirement accounts that are exempt under Internal Revenue Code Section 408(e), and eligible governmental plans that meet the requirements of Internal Revenue Code Section 457(b). For this purpose, a trust includes a custodial account under Internal Revenue Code Section 401(f) or under Internal Revenue Code Section 457(g)(3).

**SECTION 9‑16‑30.** Delegation of functions by commission; standard of care; agent’s duty and submission to jurisdiction.

(A) The commission may delegate functions that a prudent person acting in a like capacity and familiar with those matters could properly delegate under the circumstances but final authority to invest cannot be delegated.

(B) The commission shall exercise reasonable care, skill, and caution in:

(1) selecting an agent;

(2) establishing the scope and terms of the delegation, consistent with the purposes and terms of the retirement program; and

(3) periodically reviewing the agent’s performance and compliance with the terms of the delegation.

(C) In performing a delegated function, an agent owes a duty to the retirement system and to its participants and beneficiaries to comply with the terms of the delegation and, if a fiduciary, to comply with the duties imposed by Section 9‑16‑40.

(D) A commission member who complies with subsections (A) and (B) is not liable to the retirement system or to its participants or beneficiaries for the decisions or actions of the agent to whom the function was delegated.

(E) By accepting the delegation of a function from the commission, an agent submits to the jurisdiction of the courts of this State.

(F) The commission may limit the authority of an agent to delegate functions under this section.

**SECTION 9‑16‑40.** Standards for discharge of duty.

A trustee, commission member, or other fiduciary shall discharge duties with respect to a retirement system:

(1) solely in the interest of the retirement systems, participants, and beneficiaries;

(2) for the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the system;

(3) with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

(4) impartially, taking into account any differing interests of participants and beneficiaries;

(5) incurring only costs that are appropriate and reasonable; and

(6) in accordance with a good faith interpretation of this chapter.

**SECTION 9‑16‑50.** Investment and management considerations by trustee; diversification; verification of facts; statement of investment objectives and policies.

(A) In investing and managing assets of a retirement system pursuant to Section 9‑16‑40, the commission:

(1) shall consider among other circumstances:

(a) general economic conditions;

(b) the possible effect of inflation or deflation;

(c) the role that each investment or course of action plays within the overall portfolio of the retirement system;

(d) needs for liquidity, regularity of income, and preservation or appreciation of capital; and

(e) the adequacy of funding for the plan based on reasonable actuarial factors;

(2) shall diversify the investments of the retirement system unless the commission reasonably determines that, because of special circumstances, it is clearly prudent not to do so;

(3) shall make a reasonable effort to verify facts relevant to the investment and management of assets of a retirement system;

(4) may invest in any kind of property or type of investment consistent with this chapter and Section 9‑1‑1310;

(5) may consider benefits created by an investment in addition to investment return only if the commission determines that the investment providing these collateral benefits would be prudent even without the collateral benefits.

(B) The commission shall adopt a statement of investment objectives and policies for the retirement system. The statement must include the desired rate of return on assets overall, the desired rates of return and acceptable levels of risk for each asset class, asset‑allocation goals, guidelines for the delegation of authority, and information on the types of reports to be used to evaluate investment performance. At least annually, the commission shall review the statement and change or reaffirm it. The relevant portion of this statement may constitute parts of the annual investment plan required pursuant to Section 9‑16‑330.

**SECTION 9‑16‑55.** Investments in companies that in their operations are complicit with the government of Sudan in the Darfur genocide.

(A) As used in this section:

(1) “Active business operations” means a company engaged in business operations that provide revenue to the government of Sudan or a company engaged in oil‑related activities.

(2) “Business operations” means maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in Sudan, including the ownership or possession of real or personal property located in Sudan.

(3) “Commission” means the Retirement System Investment Commission.

(4) “Company” means a sole proprietorship, organization, association, corporation, partnership, venture, or other entity, its subsidiary or affiliate that exists for profit‑making purposes or to otherwise secure economic advantage. “Company” also means a company owned or controlled, either directly or indirectly, by the government of Sudan, that is established or organized under the laws of or has its principal place of business in the Republic of the Sudan.

(5) “Government of Sudan” means the government of Sudan or its instrumentalities as further defined in the Darfur Peace and Accountability Act of 2006.

(6) “Invest” or “investment” means the purchase, ownership, or control of stock of a company, association, or corporation, the capital stock of a mutual water company or corporation, bonds issued by the government or a political subdivision of Sudan, corporate bonds, or other debt instruments issued by a company. It does not include indirect beneficial ownership through index funds, commingled funds, limited partnerships, derivative instruments, or the like.

(7) “Military equipment” means weapons, arms, or military defense supplies.

(8) “Oil‑related activities” means, but is not limited to, the export of oil, extracting or producing oil, exploration for oil, or the construction or maintenance of a pipeline, refinery, or other oil field infrastructure.

(9) “Public employee retirement funds” means those assets as defined in Section 9‑16‑10(1).

(10) “Substantial action” means a boycott of the government of Sudan, curtailing business in Sudan until that time described in subsection (E), selling company assets, equipment, or real and personal property located in Sudan, or undertaking significant humanitarian efforts in the eastern, southern, or western regions of Sudan.

(11) ‘Sudan’ means the Republic of the Sudan, a territory under the administration or control of the government of Sudan, including, but not limited to, the Darfur region, or an individual, company, or public agency located in Khartoum, northern Sudan, or the Nile River Valley that supports the Republic of the Sudan.

(B) The commission shall not invest public employee retirement funds in a company with business operations in Sudan if:

(1)(a) the company is engaged in active business operations in Sudan; or

(b) the company is not engaged in oil‑related activities and lacks significant business operations in the eastern, southern, and western regions of Sudan; and

(2)(a) the company is engaged in oil‑related activities or energy or power‑related operations, or contracts with another company with business operations in the oil, energy, and power sectors of Sudan, and the company has failed to take substantial action related to the government of Sudan because of the Darfur genocide; or

(b) the company has demonstrated complicity in the Darfur genocide.

(C) Notwithstanding subsection (B), the commission shall not invest public employee retirement funds in a company that supplies military equipment within the borders of Sudan. If a company provides equipment within the borders of Sudan that may be readily used for military purposes, including, but not limited to, radar systems and military‑grade transport vehicles, there is a strong presumption against investing in that company unless that company implements safeguards to prevent the use of that equipment for military purposes.

(D)(1) Nothing in this section requires the commission to take action as described in this section unless the commission determines, in good faith, that the action described in this section is consistent with the fiduciary responsibilities of the commission as described in this chapter and there are appropriated funds of the State to absorb the expenses of the commission to implement this section.

(2) Subsection (B) does not apply to:

(a) investments in a company that is primarily engaged in supplying goods or services intended to relieve human suffering in Sudan;

(b) investments in a company that promotes health, education, journalistic, or religious activities in or welfare in the western, eastern, or southern regions of Sudan;

(c) investments in a United States company that is authorized by the federal government to have business operations in Sudan.

(E) The restrictions provided for in this section apply only until:

(1) the government of Sudan halts the genocide in Darfur for twelve months as determined by both the Department of State and the Congress of the United States; or

(2) the United States revokes its current sanctions against Sudan.

(F) Present, future, and former board members, officers, and employees of the State Budget and Control Board, the Retirement System Investment Commission, and contract investment managers retained by the commission must be indemnified from the general fund of the State and held harmless by the State from all claims, demands, suits, actions, damages, judgments, costs, charges, and expenses, including court costs and attorney’s fees, and against all liability, losses, and damages of any nature whatsoever that these present, future, or former board members, officers, employees, or contract investment managers shall or may at any time sustain by reason of any decision to restrict, reduce, or eliminate investments pursuant to this section.

**SECTION 9‑16‑60.** Evaluation of fiduciary’s compliance with law not to be hindsight; decision‑making evaluated in context of whole portfolio.

(A) Compliance by the trustee, commission, or other fiduciary with Sections 9‑16‑30, 9‑16‑40, and 9‑16‑50 must be determined in light of the facts and circumstances existing at the time of the trustee’s, commission’s, or fiduciary’s decision or action and not by hindsight.

(B) The commission’s investment and management decisions must be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the retirement system.

**SECTION 9‑16‑70.** Liability for breach of duty; insurance by retirement system or fiduciary; disclosure of terms and conditions.

(A) A commission member or other fiduciary who breaches a duty imposed by this chapter is personally liable to the retirement system for any losses resulting from the breach and any profits resulting from the breach or made by the commission member or other fiduciary through use of assets of the system by the commission member or other fiduciary. The commission member or other fiduciary is subject to other equitable remedies, as the court considers appropriate, including removal.

(B) An agreement that purports to limit the liability of a trustee or other fiduciary for a breach of duty under this chapter is void.

(C) The retirement system may insure a trustee, commission member, fiduciary, or itself against liability or losses occurring because of a breach of duty under this chapter.

(D) A trustee, commission member, or other fiduciary may insure against personal liability or losses occurring because of a breach of duty under this chapter if the insurance is purchased or provided by the individual trustee, commission member, or fiduciary, but a fiduciary who obtains insurance pursuant to this chapter must disclose all terms, conditions, and other information relating to the insurance policy to the retirement system.

**SECTION 9‑16‑80.** Investment meetings of board or commission as executive sessions exempt from disclosure; records of such meetings.

(A) Meetings by the board while acting as trustee of the retirement system, or meetings of the commission, or by its fiduciary agents to deliberate about, or make tentative or final decisions on, investments or other financial matters may be in executive session if disclosure of the deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives.

(B) A record of the board, or commission, or of its fiduciary agents that discloses deliberations about, or a tentative or final decision on, investments or other financial matters is exempt from the disclosure requirements of Chapter 4 of Title 30, the Freedom of Information Act, to the extent and so long as its disclosure would jeopardize the ability to implement an investment decision or program or to achieve investment objectives.

**SECTION 9‑16‑90.** Quarterly and annual investment reports; contents.

(A) The commission shall provide investment reports at least quarterly during the fiscal year to the State Budget and Control Board, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and other appropriate officials and entities.

(B) In addition to the quarterly reports provided in subsection (A), the commission shall provide an annual report to the State Budget and Control Board, the Speaker of the House of Representatives, members of the House of Representatives or Senate, but only upon their request, the President Pro Tempore of the Senate, and other appropriate officials and entities of the investment status of the retirement systems. The report must contain:

(1) a description of a material interest held by a trustee, fiduciary, or an employee who is a fiduciary with respect to the investment and management of assets of the system, or by a related person, in a material transaction with the system within the last three years or proposed to be effected;

(2) a schedule of the rates of return, net of total investment expense, on assets of the system overall and on assets aggregated by category over the most recent one‑year, three‑year, five‑year, and ten‑year periods, to the extent available, and the rates of return on appropriate benchmarks for assets of the system overall and for each category over each period;

(3) a schedule of the sum of total investment expense and total general administrative expense for the fiscal year expressed as a percentage of the fair value of assets of the system on the last day of the fiscal year, and an equivalent percentage for the preceding five fiscal years; and

(4) a schedule of all assets held for investment purposes on the last day of the fiscal year aggregated and identified by issuer, borrower, lessor, or similar party to the transaction stating, if relevant, the asset’s maturity date, rate of interest, par or maturity value, number of shares, costs, and fair value and identifying an asset that is in default or classified as uncollectible.

These disclosure requirements are cumulative to and do not replace other reporting requirements provided by law.

ARTICLE 3.

INVESTMENT OF FUNDS

**SECTION 9‑16‑310.** State Retirement Systems Investment Panel; membership qualifications, terms and compensation; role in preparing annual investment plan.

There is created the State Retirement Systems Investment Panel, consisting of five members, one each appointed by the Governor, State Treasurer, Comptroller General, the Chairman of the Ways and Means Committee of the House of Representatives, and the Chairman of the Senate Finance Committee. The member appointed by the Governor shall serve as chairman. All members appointed to the panel must possess substantial financial investment experience. No person may be appointed or continue to serve who is an elected or appointed officer or employee of the State or any of its political subdivisions, including school districts. Members shall serve for terms of two years and until their successors are appointed and qualify. Vacancies must be filled for the unexpired term in the manner of the original appointment. Members shall serve without compensation, but may receive the mileage, subsistence, and per diem authorized by law for members of state boards, commissions, and committees as a retirement system expense to be paid from approved accounts of the retirement system. The panel shall advise the chief investment officer of the Retirement System Investment Commission in the preparation of the annual investment plan in the manner that the chief investment officer determines appropriate.

**SECTION 9‑16‑315.** Retirement System Investment Commission; membership; terms; qualifications; chief investment officer and administrative staff.

(A) There is established the Retirement System Investment Commission (RSIC) consisting of six members as follows:

(1) one member appointed by the Governor;

(2) the State Treasurer, ex officio;

(3) one member appointed by the Comptroller General;

(4) one member appointed by the Chairman of the Senate Finance Committee;

(5) one member appointed by the Chairman of the Ways and Means Committee of the House of Representatives;

(6) one member who is a retired member of the retirement system who shall serve without voting privileges. This representative member must be appointed by unanimous vote of the voting members of the commission.

(B) The State Treasurer may appoint a member to serve in his stead. A member appointed by the State Treasurer shall serve for a term coterminous with the State Treasurer and must possess at least one of the qualifications provided in subsection (E). Once appointed, this member may not be removed except as provided in subsection (C).

(C) Except as provided in subsection (B), members shall serve for terms of five years and until their successors are appointed and qualify, except that of those first appointed, the appointees of the Comptroller General and the Chairman of the Senate Finance Committee shall serve for terms of three years and the appointee of the Chairman of the Committee on Ways and Means and the representative appointee shall serve for terms of one year. Terms are deemed to expire after June thirtieth of the year in which the term is due to expire. Members are appointed for a term and may be removed before the term expires only by the Governor for the reasons provided in Section 1‑3‑240(C).

(D) The commission shall select one of the voting members to serve as chairman and shall select those other officers it determines necessary, but the State Treasurer may not serve as chairman.

(E) A person may not be appointed to the commission unless the person possesses at least one of the following qualifications:

(1) the Chartered Financial Analyst credential of the CFA Institute;

(2) the Certified Financial Planner credential of the Certified Financial Planner Board of Standards;

(3) at least ten years professional securities broker experience;

(4) at least ten years professional actuarial experience;

(5) at least ten years professional teaching experience in economics or finance; or

(6) an earned Ph.D. in economics or finance.

(F) Not including the State Treasurer, no person may be appointed or continue to serve who is an elected or appointed officer or employee of the State or any of its political subdivisions, including school districts.

(G) The Retirement System Investment Commission is established to invest the funds of the retirement system. All of the powers and duties of the State Budget and Control Board as investor in equity securities and the State Treasurer’s function of investing in fixed income instruments are transferred to and devolved upon the Retirement System Investment Commission. To assist the commission in its investment function, it shall employ a chief investment officer, who under the direction and supervision of the commission, and as its agent, shall develop and maintain annual investment plans and invest and oversee the investment of retirement system funds. The chief investment officer serves at the pleasure of the commission and must receive the compensation the commission determines appropriate. The commission may employ the other professional, administrative, and clerical personnel it determines necessary and fix their compensation. All employees of the commission are employees at will. The compensation of the chief investment officer and other employees of the commission is not subject to the state compensation plan.

(H) The administrative costs of the Retirement System Investment Commission must be paid from the earnings of the state retirement system in the manner provided in Section 9‑1‑1310.

**SECTION 9‑16‑320.** Adoption of annual investment plan; quarterly review; deliberations in executive session; independent advisors.

(A) The commission shall meet no later than May first of each year to adopt the proposed annual investment plan for the retirement systems for the next fiscal year. The annual investment plan must be developed by the chief investment officer. No later than April first of each year, the chief investment officer shall submit the proposed plan to the commission. Amendments may be made to the plan by the commission during the fiscal year.

(B) The commission shall meet at least once during each fiscal‑year quarter for the purposes of reviewing the performance of investments, assessing compliance with the annual investment plan, and determining whether to amend the plan. The commission shall meet at such other times as are set by the commission or the chairman or requested by the board.

(C) The commission may discuss, deliberate on, and make decisions on a portion of the annual investment plan or other related financial or investment matters in executive session if disclosure thereof would jeopardize the ability to implement that portion of the plan or achieve investment objectives.

(D) A record of the commission that discloses discussions, deliberations, or decisions on portions of the annual investment plan or other related financial or investment matters is not a public record under Section 30‑4‑20 to the extent and so long as its disclosure would jeopardize the ability to implement that portion of the plan or achieve investment objectives.

(E) [Reserved]

(F) [Reserved]

(G) The commission may retain independent advisors to assist it and periodically shall provide for an outside evaluation of the investment strategy.

**SECTION 9‑16‑330.** Statement of actuarial assumptions and investment objectives; components of plan; diversification; verification of investment facts.

(A) The commission shall provide the chief investment officer with a statement of general investment objectives. The commission shall also provide the chief investment officer with a statement of actuarial assumptions developed by the system’s actuary and approved by the board. The commission shall review the statement of general investment objectives annually for the purpose of affirming or changing it and advise the chief investment officer of its actions. The retirement system shall provide the commission and its chief investment officer that data or other information needed to prepare the annual investment plan.

(B) The annual investment plan must be consistent with actions taken by the commission pursuant to subsection (A) and must include, but is not limited to, the following components:

(1) general operational and investment policies;

(2) investment objectives and performance standards;

(3) investment strategies, which may include indexed or enhanced indexed strategies as the preferred or exclusive strategies for equity investing, and an explanation of the reasons for the selection of each strategy;

(4) industry sector, market sector, issuer, and other allocations of assets that provide diversification in accordance with prudent investment standards, including desired rates of return and acceptable levels of risks for each asset class;

(5) policies and procedures providing flexibility in responding to market contingencies;

(6) procedures and policies for selecting, monitoring, compensating, and terminating investment consultants, equity investment managers, and other necessary professional service providers; and

(7) methods for managing the costs of the investment activities.

(C) In developing the annual investment plan, the chief investment officer shall:

(1) diversify the investments of the retirement systems, unless the commission reasonably determines that, because of special circumstances, it is clearly not prudent to do so; and

(2) make a reasonable effort to verify facts relevant to the investment of assets of the retirement systems.

**SECTION 9‑16‑340.** Investment of retirement systems assets; annual investment plan; adoption and review.

(A) The commission, acting through the chief investment officer, shall invest and reinvest the assets of the retirement systems as provided in Section 9‑1‑1310. The commission may employ or retain administrators, agents, consultants, or other advisors it considers necessary with respect to making investments. The chief investment officer may use the services of the State Treasurer in making nonequity security investments as the chief investment officer determines appropriate.

(B) After receiving the proposed plan of the chief investment officer, the commission shall adopt an annual investment plan, which must be implemented by the commission through the chief investment officer. The commission shall regularly review the plan implementation and make amendments as it considers appropriate. The plan must include the minimum and maximum portions of system assets that may be allocated to equity investments on an ongoing basis not to exceed seventy percent.

**SECTION 9‑16‑345.** Minority and minority‑owned business representation.

In hiring and procurement in the implementation and administration of this chapter, and consistent with its duties as fiduciary under this title, the commission shall strive to assure that minorities and minority‑owned businesses are represented.

**SECTION 9‑16‑350.** Use of information for self‑interest; blind trusts; violations; punishment; provisions cumulative with other laws.

(A) It is unlawful for a member, employee, or agent of the commission or anyone acting on its behalf to use any information concerning commission activities to obtain any economic interest for himself, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated.

(B) If a member of the commission, an employee of the commission, or a member of his immediate family holds an economic interest in a blind trust, he is not considered to have violated the provisions of subsection (A) even if the acquisition of the economic interest by the blind trust would otherwise violate the provisions of subsection (A), if the existence of the blind trust and the manner of its control is disclosed to the State Ethics Commission and the commission.

(C) A person who violates the provisions of this section is guilty of a felony and, upon conviction, must be imprisoned for not more than ten years and fined not more than one hundred thousand dollars.

(D) The provisions of this section are cumulative to, and not in lieu of, any other provisions of law applicable to the commission and its members in the performance of official duties including, but not limited to, Chapter 13 of Title 8.

**SECTION 9‑16‑360.** Standards of conduct for fiduciary or employee of fiduciary.

(A) In addition to and not in lieu of the provisions of Section 9‑16‑350 and Chapter 13 of Title 8, and for the purposes of this article, there are the standards of conduct provided in subsection (B) of this section that apply for a fiduciary or employee of a fiduciary.

(B) A fiduciary or employee of a fiduciary shall:

(1) take no action to purchase or acquire services or property for the commission or the retirement system where the fiduciary or employee of the fiduciary, their family, or their business associates have a financial interest in the services or property;

(2) take no action to invest retirement system funds in any share, or other security if the fiduciary or employee of the fiduciary, their family, or their business associates have an interest in, are underwriters of, or receive any fees from the investment;

(3) have no interest in the profits or receive any benefit from a contract entered into by the fiduciary;

(4) not use their positions to secure, solicit, or accept things of value, including gifts, travel, meals and lodging, and consulting fees for payment for outside employment, from parties doing or seeking to do business with or who are interested in matters before the fiduciary;

(5) not represent, while serving as or in the employment of the fiduciary and for one year after leaving the fiduciary, any person, in any fashion, before any public agency, with respect to any matters in which the fiduciary personally participated while serving as or employed by the fiduciary;

(6) not take any official action on matters that will result in a benefit to themselves, their family members, or their business associates;

(7) not, during or after their term of service, disclose or use confidential information acquired in their official capacity as fiduciary or employee of the fiduciary, without proper authorization;

(8) not use assets of the system for their own interests;

(9) not act on behalf of a party whose interests are adverse to the system or the fiduciary, even if the member receives no personal gain;

(10) not have any direct or indirect interest in the gains or profits of any system investment other than the indirect interest of a passive investor holding less than five percent of the outstanding equity in a publicly‑traded security;

(11) not make investments through or purchases from, or otherwise do any business with a former fiduciary member or employee or with a business that is owned or controlled by a former fiduciary member or employee, for a period of three years after the fiduciary member or employee leaves the fiduciary.

The provisions of this subsection do not apply to an employee or affiliate of a fiduciary described in Section 9‑16‑10(4)(a) and (b) if the commission elects specifically to waive this application by written contract with such a fiduciary. The commission shall disclose any such waivers in its quarterly report.

(C) A breach of the standards provided in this section is grounds for the removal of a commission member as a conflict of interest pursuant to the Governor’s removal powers under Section 1‑3‑240(C), for the dismissal of an employee of the commission, and in the case of a corporate fiduciary, at the commission’s option, voiding any contract with the fiduciary.

**SECTION 9‑16‑370.** Defense and indemnification of Retirement System Investment Commission members, officers and management employees.

The State shall defend the members of the Retirement System Investment Commission established pursuant to this article against a claim or suit that arises out of or by virtue of their performance of official duties on behalf of the commission and must indemnify these members for a loss or judgment incurred by them as a result of the claim or suit, without regard to whether the claim or suit is brought against them in their individual or official capacities, or both. The State shall defend officers and management employees of the commission against a claim or suit that arises out of or by virtue of performance of official duties unless the officer, or management employee was acting in bad faith and must indemnify these officers, and management employees for a loss or judgment incurred by them as a result of such claim or suit, without regard to whether the claim or suit is brought against them in their individual or official capacities, or both. This commitment to defend and indemnify extends to members, officers, and management employees after they have left their membership on or employment with the commission, as applicable, if the claim or suit arises out of or by virtue of their performance of official duties on behalf of the commission.

ARTICLE 5.

INVESTMENT EDUCATION

**SECTION 9‑16‑710.** Investment education services.

Notwithstanding an employee’s right to obtain educational and administrative services from independent companies or vendors, or both, that offer products in the state’s retirement plans, the South Carolina Retirement Systems may provide unbiased investment education services including, but not limited to, instructional videos identifying plan types, plan provisions, and plan differences to any participant in any of the state’s retirement plans.